

Former minister presents himself at police station

Aitken quizzed for four hours

Jonathan Aitken outside his Westminster home after voluntarily attending a police station

THE disgraced former cabinet minister Jonathan Aitken was arrested and held in custody for more than four hours yesterday in connection with allegations of conspiracy to pervert the course of justice.

Mr Aitken, aged 55, presented himself to a central London police station at 9am with his lawyers. He returned to his house in Lord North Street, Westminster, at 1.30pm after being released on police bail.

Mr Aitken made a short statement before disappearing into the house.

"I can confirm that this

Ex-MP becomes third person called to answer claims of conspiracy

morning I voluntarily attended an interview with police in connection with the allegations made against me and my daughter by the editor of the Guardian," he said.

"At the end of the meeting I was released on police bail and no charges have been brought. On legal advice that is all I can say at the present time. Thank you."

Mr Aitken was the third person to be interviewed by officers of Scotland Yard's organised crime group, who began their investigation last June after the collapse of his label action against the Guardian and Granada Television's World in Action programme.

On Monday his daughter Victoria, aged 17, and Said Ayas, a Saudi business associate and long-time friend, aged 56, were arrested and released on police bail.

The only remaining key

witness the police want to interview is Mr Aitken's wife, Lolita. After the trial the couple said they were separating and Mrs Aitken is believed to spend much of her time in Paris.

Mr Aitken, a former defence procurement minister and chief secretary to the Treasury, was the only one of the four to give evidence on oath. However, the others aligned witness statements supporting his version of events concerning a weekend he spent in Paris in September 1993.

He claimed that he had gone to Paris to meet his wife and daughter, but evidence produced in court during the 12-day trial showed that Mrs Aitken and her daughter had travelled direct from London to Geneva, and not via Paris as they claimed.

Yesterday morning Mr Aitken staged another of his famous disappearing acts. After allowing his daughter — with her actress aunt Maria — to face the assembled news media before her arrest on Monday morning, Mr Aitken fled his Westminster home either late on Monday night or early on Tuesday morning.

The press were camped outside Mr Aitken's house from the early hours, assuming he was still inside, until the word came through from Scotland Yard that he had already been arrested.

A dash by journalists around the police stations of central London failed to reveal where the interview was taking place.

If Mr Aitken is charged, tried and convicted of perjury, and/or perverting the course of justice, he could face a sentence of seven years in prison.

Yesterday GEC Marconi, which gave him a consultancy job several months ago to help it sell arms to the Middle East, said it would be premature to comment on whether his position would be reviewed.



Jonathan Aitken outside his Westminster home after voluntarily attending a police station

Farmers bury BSE cattle to avoid notice inquiry told

Amelia Gendeman

GOVERNMENT figures showing a rapid fall in the instances of BSE-infected cattle could be unreliable because farmers are secretly burying suspect animals on a "massive" scale to avoid reporting them, food scientist Professor Richard Lacey claimed yesterday.

In his evidence to the BSE inquiry, Prof Lacey, the scientist who first warned that the disease could spread to humans, said farmers were so desperate to have their herds declared BSE-free that they were bypassing abattoirs to avoid making an official report of infection.

Instead, they were burying the animals in open ground on their own land. The practice, concentrated in the north of England and Scotland, represented a serious health hazard, it was no coincidence, he said, that these were the areas of Britain which had seen most deaths from the E. coli bug in recent years.

His evidence could undermine the Government's strategy on BSE, which is based on data suggesting the disease is in rapid decline following the introduction of health safety measures.

A spokesman for the Ministry of Agriculture said it was satisfied that all cases were being reported and it was unaware of any unofficial burials. He added: "We have the right procedures in place to ensure full reporting. Farmers get appropriate compensation for reported cases."

Prof Lacey told the inquiry in south London that he had recently met a delegation of knacker men who said their business was being undercut by the burials and suggested that as many as 1 million cattle a year were being disposed of in this way.

"They told me that because the value of animal carcasses is now negative, the animals are being buried on a massive scale in farm burials. They produced video evidence of this."

"I fully understand the emotions and the pressure the farmers face. There is tremendous pressure to reduce BSE numbers and get accreditation — and I can see why they may choose to dispose of their animals in this way."

Prof Lacey said he did not

accept the Government's 1993 figures, and told the inquiry that the reported instances of infection were influenced by the fluctuating levels of compensation.

"First there was no compensation, then 50 per cent and 100 per cent and the numbers went up, then the compensation dropped and the numbers reported have dropped," he said.

Passport documentation intended to reveal the exact cause of cows' deaths was being filled in without reference to the suspicions over infection and to the farmyard burial, he claimed. And because the graves were often open, diseases — including E. coli and possibly even BSE — were being spread.

Ian Gardiner, director of policy at the National Farmers' Union, said it would be economic nonsense for farmers to carry out DIY burials.

Prof Lacey warned the inquiry that, far from being eradicated within the next few years, BSE could become endemic in the British cattle population, as scrapie has been among sheep for the last two centuries.

Prof Lacey was highly critical of the former government's handling of the affair and said effective action to wipe out BSE and protect public health was delayed for years because government scientists wanted to reassure the public that beef was safe to eat.

Information was repeatedly suppressed to protect the beef industry and attempts were made by politicians to portray him as deranged to discredit his warnings, he said.



Professor Lacey: figures on infection unreliable

Work of the people, by the people, for the people

continued from page 1

term social pattern-setter more than an immediate economy decider.

That suits the strategic nature of Gordon Brown's approach to politics, not excluding the desire he shares with Mr Blair to set things up nicely for the next election. But one must understand, in the end dispensation, that in the short term, the Chancellor is more accountable to the MPC than the MPC is to anyone.

If the hawks secure a majority on the MPC, the ideology of work will take a beating. It is also at risk from the actual functioning of the incentives that will be put in place. The small print of the schemes and tapers has yet to be thoroughly declared, and the behaviour of unworking people, presented with new marginal changes in the possibilities open to them, will only disclose itself over time.

Reports on the welfare-to-work schemes over the last few months are, quite predictably, patchy. They call for collaboration, as well as hard-headedness, from the providers as much as the takers of work, and this philosophy — the very core of what Blair-Brownism most passionately believes in — has yet to penetrate every part of society.

Will it do so? In Healey's day, forecasting related to matters more measurable than human behaviour. The Treasury's under-prediction of the public sector borrowing requirement in 1974 amounted to £4 billion, a magnitude of error, the old boy writes, "greater than that of any fiscal change made by any Chancellor in British history". He vowed to do for forecasters "what the Boston Strangler did for door-to-door salesmen: make them distrustful for ever".

The faith of Mr Blair and Mr Brown is not in forecasters but in the people. They are their own prophets, of the faith that people can be made to want to work. But they don't control all the circumstances that make work, and can't guarantee who will be distrusted in four years' time.

Greek police ordered on to mean streets



Judith and Roy Eccles, stabbed to death on Cephalonia

Government crackdown follows fury over 'Albanian' crime wave

Helena Smith in Athens

GREECE ordered its entire 45,000-strong police force out on patrol yesterday to combat a record rise in crime that has included the murder of a retired British couple on the Ionian island of Cephalonia and a nationwide surge in violent robberies blamed on a new breed of Balkan gangster.

Among more than 500,000 migrants who have streamed into the country from poorer Balkan neighbours are hundreds of hardened criminals from Albania and Romania. Much of the violent surge has been blamed on ruthless Albanian "bandits" bent on smuggling drugs and weapons into the West.

This year armed robberies in Athens alone have soared by more than 300 per cent, with hit-and-run raids on pedestrians not far behind.

Many incidents have involved hooded men with grenades shooting wildly into the air with sawn-off shotguns.

The Socialist government says all stops will now be pulled out. Desk-bound officers who have not been on the beat for years will have to join thousands of other police, including specially trained anti-terrorist units, in patrolling the streets. "No policeman will stay behind his desk," said the public order minister, George Romalos. "From now on every policeman will be out there patrolling day and night."

The case of two Albanian immigrants who admitted killing Roy and Judith Eccles with a butcher's knife and pitchfork on the island of Cephalonia has provoked unprecedented fury in a country that, until recently, was one of Europe's most peaceful.

Because of their proximity to Albania the Ionian islands, which continue to draw more British holidaymakers than any other part of Greece, have been particularly hard hit by the criminals. Last year, the government was forced to send warships to the Corfu channel when Albanian pirates began harassing British tourists on pleasure boats.

"We do not intend to organise pogroms against foreigners," said Mr Romalos. "But what happened on Cephalonia is yet another example of foreigners being involved in crime."

"Those poor people left Britain to come and live here

because they thought — like we all did — that Greece was crime-free," snapped Maria Manolopoulou, a teacher emerging from an Athens butcher's shop yesterday. "We don't sleep well in this country any more for fear of being burgled. A lot of my friends barricade their front doors with furniture."

Greek police have a reputation for spending much of their time on strike or demonstrating for pay rises. But yesterday most of those interviewed on the beat said it was "about time" patrols were increased.

"We spend far too much time protecting potential

(terrorist) targets here rather than looking after people on the street," said one policeman who was guarding a Turkish diplomat's home. "The poorer parts of Athens are not patrolled at all. My own home has been burgled twice — they even stole my pistol."

The violence has soared particularly since Albania descended into anarchy after a popular uprising last March. The revolt, sparked by the collapse of a host of get-rich-quick schemes, saw more than a million assault rifles and other small arms being looted from arsenals across the impoverished state.

Witness to a US cultural revolution

Review

Martin Kettle

Fernand Léger

MOMA, New York

Fernand Léger was long neglected in the United States after his communist politics brought him condemnation from the House Committee on un-American Activities. Yet the US permeated his life and art, and he was a modernist at a time when modernism was practically synonymous with the country.

Machines, metal and workscapes are common themes in his work, all reflecting the quintessentially American cultural revolution of the early 20th century: the spread of Fordist production techniques. For much of the second world war Léger lived

happily in exile in New York, travelling widely across North America and sending his friends graffiti-covered postcards from the places he visited.

He was an important presence in the artistic world of New York during these years, lecturing and exhibiting widely.

As an old man in 1954, he called himself, without hyperbole, "the witness of my time" — he was indeed a witness to the Americanisation of the European visual arts in the interwar years and to the Europeanisation of the American avant-garde after 1945.

These claims are amply upheld by the current exhibition of his work at the Museum of Modern Art in New York, which offers a comprehensive overview of his work, spanning the tumultuous years from 1908 (when Léger was already 28) to the eve of his death in 1955.

At the heart of his work is a

dilemma between abstraction and figuration. In early works, abstraction had the upper hand. Later, a distinctive form of figuration gained supremacy in works such as the building-site based *Les Constructeurs* sequence. His most obvious cultural references are French, particularly in the later populist pictures, painted after the second world war.

These are people with Gallic archetypes: cyclists, bathers, campers and a succession of acrobats who seem to have come straight out of Marcel Carné's *Les Enfants du Paradis*. Few of Léger's canvases are explicitly preoccupied with the American themes and iconography he addresses in his writings.

Not does his work contain anything of the heroic grandeur of the overtly politicised art of the time. Even Adieu New York of 1946 defies a concretely American reading, despite its title. Yet his work is

penetrated by an unexpected sense of Americanness that gives this show a peculiar fascination. Postmodernism blew away the idea that it mattered who or where you were when you looked at a painting. In the postmodern order the viewer vied with the viewed for a share of artistic meaning.

The old indifference to context eventually gave way to a new dependence on it. The viewed only existed through the agency of the viewer, and the place where the viewing was taking place suddenly mattered too.

The Léger exhibition bears this out, giving paintings that are familiar from European galleries a quite different external and an internal context.

Léger's pictures seem to have changed. They become less innocent, less conclusive. Remarkably, they even seem to have become American, too.

TOM WOLFE

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OUT NOW



When Buggy Malone became a hit film, director Ian Parker, above, was proud of his creation: so proud that he has ordered a theatre to wrap its production

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Farmers...
BSE cattle...
avoid notice...
inquiry told



When Bugsy Malone became a hit film, director Alan Parker, above, was proud of his creation: so proud that he has ordered a youth music theatre to scrap its production



A scene from the National Youth Music Theatre's production of Bugsy Malone at the Queen's Theatre... 'marvellous kids having a terrific time'

PHOTOGRAPH: ALASTAIR MUIR

Kids' show slays 'em – so author kills it off

Dan Glatzer
Arts Correspondent

IT WAS an adventurous step for a small youth theatre. But the gamble of producing a stage version of a bit Hollywood film paid off.

The National Youth Music Theatre's production of Bugsy Malone was acclaimed by the critics. Audiences packed out the Queen's Theatre over Christmas to see the show. But now film director and British Film Institute chairman Alan Parker, the writer and director of the original film, has ruled out further performances.

"We are confused and sad," said Jeremy James Taylor, the NYMT's director. "We played to 76,000 people in nine weeks over Christmas and the only person who seems not to be happy about it is the writer."

The production, which was set to tour abroad, has now been scrapped. But Parker's decision is particularly baffling because he is an honorary vice-president of the NYMT, and has given permission for other amateur productions of Bugsy Malone around the country.

The show's producer, Edward Snape, said: "It's ludicrous, absolutely ridiculous. We have had firm offers to take the production to Australia and Japan and we have not even started to tout it. We would like to have taken it to the States. I am sure it would have gone down very well there. It would also have been tremendous for the kids."

Critics compared the kids in question favourably with those in the film. There were, said one, "outstanding performances from the juvenile cast". Another wrote of "impressive acting skills", while a third said the cast achieved a "laid-back cool". The film, released in 1976, was one of Parker's early successes, and propelled its young star Jodie Foster to success. The pastiche gangster musical — with a cast of children — also introduced audiences to the splurge gun, which propelled cream buns at high speed.

Less memorably, co-star Scott Bakula went on to become the Fonz's cousin in the American television series Happy Days. Two young British actors who appeared are still working. Sergeant O'Driscoll was played by Andrew Paul, who has taken a slight demotion to become The Bill's PC Dave Quinlan, and a very young Bonnie Langford also had a bit part in the film.

The reasons for Parker's reluctance to give permission for the NYMT to do the show are unclear, but it took concerted lobbying from NYMT financial supporter Lord Lloyd Webber to persuade the director to allow the production to go ahead.

At the time of negotiations over the production, which was premiered at the Edinburgh Festival in 1996 and seen at the Lyric Hammer-smith last May, Parker said: "Don't ask again, because it will be no."

It is understood that his reservations about the production stemmed from his feelings of pride for the film. In correspondence with the producers of the show, he argues that he is worried that the impression made by his film might be damaged or changed by exposure to an extravagant stage version.

But Mr Taylor countered: "Had our version been commercialised, I could understand but I thought our production was good and raw and down-to-earth with some bloody marvellous kids having a terrific time."



Alan Parker directing the film version of Bugsy Malone 22 years ago

Can't play, won't play

SOME writers — and their estates — are famously sensitive about giving permission for their work to be performed.

□ A West End production of Footfalls by Samuel Beckett in 1994 fell foul of instructions left by Beckett that the text of his works should not be altered and performances should follow the original stage directions. The Beckett estate cancelled a European tour and reportedly told actress Fiona Shaw and director Deborah Warner they could not do Beckett again.

□ Joan Littlewood, who owns the rights to Oh, What A Lovely War! has always refused the National

Theatre, the RSC and West Yorkshire Playhouse permission to stage the musical. Forbidden to perform the work at the National Theatre, the company has mounted a national tour opening this week — in a marquee.

□ Fringe cabaret performer Brian McDermott received a call from Hollywood legend Mel Brooks chastising him for the title of his musical revue: Ringtime for Hitler. It was, argued Brooks, too close to his own musical invention, Springtime for Hitler, in the film The Producers. McDermott was banned from making any reference to The Producers in his cabaret. He retitled it The Adolf Hitler Show.

Netanyahu snubs Cook over visit Driver had drunk eight pints of sherry

Israelis, in 'ugly mood,' cancel dinner after Palestinian meeting

Ian Black and Julian Borger
in Jerusalem

AN extraordinary snub to Britain and the European Union last night, the Israeli prime minister cancelled a scheduled dinner with Rabin Cook, after the Foreign Secretary met a Palestinian official at the site of a controversial Jewish settlement in East Jerusalem.

Furious British officials described the Israelis as being in "ugly and insensitive mode" after a day which saw Mr Cook travel to the Har Homa settlement amid prolonged ructions over who he should meet.

"This is a fantastic over-reaction," said an official travelling with Mr Cook. "Can a handshake be so dangerous as to disrupt the entire programme that was planned?"

Before being beckoned and jostled by Israeli settlers, the Foreign Secretary had managed to exchange just a few words with Salah Ta'amari, a former Palestine Liberation Organisation guerrilla leader and now a representative for Bethlehem in the Palestinian council.

After hearing of the meeting, the prime minister, Benjamin Netanyahu, cancelled a photo appearance with Mr Cook outside his office and a dinner which the Foreign Secretary's entourage had earlier portrayed as evidence of the importance Israel placed on Mr Cook's visit.

However talks between Mr Netanyahu and Mr Cook, scheduled for 10 minutes, lasted nearly an hour and were described by the Foreign Secretary as "amicable". The Israeli government alleged Mr Cook's meeting with

Mr Ta'amari broke an earlier British undertaking. The director-general of the Israeli foreign ministry told Israel Radio: "A promise was given that the visit would be held according to a certain programme and it's too bad that such an honourable guest decided to break that promise."

Israeli officials also lambasted Mr Cook for laying a wreath at a monument in East Jerusalem to Palestinians killed by Israeli troops in the 1948 war. Israeli television showed footage of the wreath-laying while commenting that Mr Cook had not visited the Holocaust memorial in Jerusalem.

Earlier yesterday, the Israelis withdrew a police escort for Mr Cook's journey from Gaza to Jerusalem, explaining that the trip was not part of his official visit.

British officials had portrayed the visit to Har Homa as a compromise. Mr Cook had rescheduled a meeting with a more senior Palestinian official, Faisal Husseini,

after Israeli complaints. Last night Mr Netanyahu was said to be angry that Mr Cook had met any Palestinians at all at the hillside settlement site.

The snub followed days of wrangling between the Foreign Office and the Israeli government over Har Homa, currently the most explosively symbolic stretch of land in the Middle East.

Before Mr Cook's arrival, an Israeli official had warned that a visit to the site would be seen as a direct challenge to Israeli claims that the hill was an integral part of a united Jerusalem, and would provoke a crisis that could end Europe's role in the region. Palestinians oppose all construction of Jewish enclaves on land captured by the Israelis in 1967.

At the United Nations, Britain deplored Israel's failure to cease construction at Har Homa and other settlements in the occupied territories.

Cook urges settlement halt, page 5

John Ezard

AN ELECTRICIAN was jailed for four months yesterday after registering the world's highest known breathalyser reading — despite not having had a drink on the day he was arrested.

Matthew Roman, aged 23, was almost eight times over the limit. He was found to have 276 microgrammes of alcohol in 100 millilitres of breath. The limit is 35mg.

Yet Roman — who told police: "I have drunk nothing. I have just got back from a detox clinic" — has such high tolerance to alcohol that he was not driving erratically or involved in an accident, a court was told.

In the two days before he was stopped, Roman had drunk up to eight pints of sherry and two or three cans of strong lager. Magistrates at Horsham, Sussex, banned him from

driving for five years after he admitted driving with excess alcohol.

The Campaign Against Drink-Driving said: "This is utterly appalling. We monitor figures from all over the world."

"We have come across quite a few fives and sixes and one or two sevens — but never anyone eight times over the limit."

Maria Cape, the campaign's company secretary, whose 16-year-old daughter was killed by a drink-driver, added: "He could easily have killed others and himself. I am glad he is off the road. I hope he gets treatment."

Roman was asked to give a breath test on the drive of his home in Horsham after traffic police saw him in a van.

Suvi Wheeler, prosecuting, said: "As the officer spoke to him, he noticed his breath smell extremely strongly of intoxicating liquor and he could see a



Matthew Roman: eight times over drink-drive limit

bottle of alcohol in the passenger footwell.

Andrew Delo, defending, said Roman was a man of previously good character. He had a long-standing drink problem and an "extremely high" tolerance to alcohol: "The reading was

so high that most normal people would have great difficulty even being able to stand, let alone drive."

Shortly before being stopped he had attended a voluntary alcohol misuse clinic. The bottle in the van was snatched. Mr Delo said: "He did not fully appreciate at the time, first that he was over the limit and secondly the extent to which he was over."

"The alcohol problem has built up primarily from May 1997 when he started work as an electrician. During the course of his work he spent a great deal of time socialising in the evenings in local pubs and hotels where he consumed alcohol on a daily basis."

"Over a period of time it is fair to say he became reliant on alcohol. Furthermore, on Boxing Day last year his relationship with his fiancée ended rather suddenly and that added to Mr Roman's depression and anxiety."

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4 BRITAIN

Oxbridge to lose £12m in subsidies

John Carvel
Education Editor

OXFORD and Cambridge colleges will lose about £12 million of the subsidies supporting their tutorial system for undergraduates, according to government plans announced yesterday for bringing the two oldest universities into the mainstream system for funding higher education.

David Blunkett, the Education and Employment Secretary, said they would continue to get extra funding to safeguard their excellence in teaching and research, but they will be expected to make larger "efficiency savings" than other universities.

Senior departmental sources said the £25 million teaching bonus for the Oxbridge colleges was likely to be reduced to £23 million over the next seven or eight years.

The money will no longer be paid directly by the Government to the colleges, breaking their centuries-old claim to financial independence. It will be passed by the higher education funding council to the university authorities in the hope that they may redistribute the money to benefit the less well-endowed colleges.

The settlement is a compromise which may be less disruptive to tradition than senior Oxbridge academics feared when the Downing report last year called into question the cost-effectiveness of the subsidy. Lord Jenkins, Oxford's chancellor, is understood to have brought heavy establishment pressure to bear on Tony Blair to stop

a more draconian outcome. In the short term, the colleges are safe because they will get a 2.7 per cent increase in the special fee income for the next academic year. After that they will be expected to make extra efficiency gains of up to 1 per cent every year.

Colin Lucas, vice-chancellor of Oxford, said: "The new arrangements would appear to challenge the historic autonomy enjoyed by colleges at Oxford." They could "lead to a severe dent in our public funding which cannot but erode the excellence we are all keen to protect."

The university said it "noted with dismay" the proposal for extra efficiency gains which could cost it £1.4 million a year.

Sir Alec Broers, vice-chancellor of Cambridge, said the efficiency savings would be calculated on the university's entire budget. They would be equivalent to a 8.3 per cent cut each year in the income from college fees.

Mr Blunkett said he wanted to move to a more equitable and transparent system of sharing money between universities. Oxford and Cambridge would continue to deserve extra funding to reward teaching excellence and the additional costs of managing ancient academic buildings. But other universities with similar attributes and costs should expect to get a similar reward.

Ministers were concerned about the under-representation of students from state comprehensive schools. "We welcome the assurance which the vice-chancellors of Oxford and Cambridge have given us about the importance they attach to widening access."



Tourists at Westminster Abbey yesterday, where 3 million visitors a year are having a damaging impact on the building

PHOTOGRAPH MARTIN GOWIN

Westminster Abbey imposes £5 entry fee to ward off ravages of 900 years of visitors

WESTMINSTER Abbey has introduced a £5 entry fee and closed access to Edward the Confessor's shrine in an attempt to reduce the impact on the fabric of the building of nearly 3 million visitors a year, writes Madeleine Bunting.

Previously only visits to

royal tombs had to be paid for. People who want to visit the abbey for private prayer will not have to pay. A series of "calming measures" at the cost of £500,000 has been instituted to restore the peace of the abbey, one of the five top tourist attractions in the UK.

The dean, the Very Rev

Wesley Carr, defended the measures as essential to restoring the calm of the abbey as a place of prayer, and as protection against environmental degradation. Income from ticket sales is expected to increase by half to nearly £4 million. It will be ploughed back into maintaining the building.

Issue of guns to police doubles but use remains steady

Duncan Campbell
Crime Correspondent

THE number of times police have been issued with firearms has more than doubled in the last two years, and increased sixfold in the last 10 years, according to statistics released yesterday.

Senior officers said last night that the increase was partly a result of public awareness in the wake of the

Dunblane murders and the subsequent firearms surrender laws, and partly because almost every force now had mobile armed response units. It is also accepted that there has been an increase in the number of armed criminals. But despite the huge increase in the mobilisation of armed officers, the number of incidents in which firearms have been used by the police has remained steady since 1995 at five a year.

Alan Michael, the Home

Office Minister, said in a written reply that firearms had been issued to police officers on 12,379 occasions in 1996/97, compared to 4,476 the previous year and 5,824 two years ago. The forces where firearms were issued most frequently were the Metropolitan Police (2,439), Northumbria (1,360), Cleveland (1,026), Merseyside (671) and West Yorkshire (617).

The forces where firearms were issued least frequently

were Dyfed Powys (17), Wiltshire (26), Dorset (36), Gloucestershire (41) and Cambridgeshire (54). The number of authorised firearms officers has remained steady, with 6,738 in 1996/97, compared with 6,354 the previous year and 6,937 two years ago.

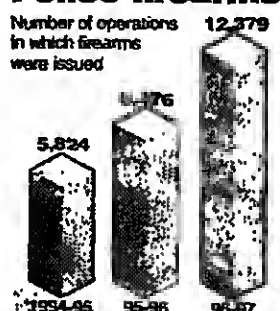
John Giffard, chief constable of Staffordshire and spokesman on firearms for the Association of Chief Police Officers, said: "We are and wish to remain an essen-

tially unarmed police service, using guns when only strictly necessary for the protection of life." The increase partly reflected the increased mobility of trained firearms officers in armed response vehicles. "Previously unarmed officers would have been much more likely to respond... because firearms officers were less readily available."

Mr Giffard added: "We have noted an increased public awareness and readiness to

report suspected criminal use of firearms, which may well reflect heightened sensitivity in the wake of the Dunblane tragedy and the subsequent firearms surrender laws." The number of authorised firearms officers has gone down steadily over the last 15 years as a result of a policy to go for a smaller number of highly trained officers. The number of authorised firearms officers represents 5.3 per cent of the 125,000 police officers.

Police firearms



Parents accuse doctor of acting without consent

Clare Dyer
Legal Correspondent

ASIX-YEAR-OLD girl died at London's Great Ormond Street hospital when a heart procedure carried out without her parents' consent went "horribly wrong", the General Medical Council was told yesterday.

James Taylor, a consultant paediatrician, did not have Ross and Carolyn Jenkins' consent to carry out the procedure on their daughter, Debbie. Jeffrey Burke QC told the GMC's professional conduct committee. Dr Taylor, aged 61, who is charged with serious professional misconduct, admits acting without parental consent. But he denies that he was aware that the Jenkinses, from Sprowston, Norfolk, were opposed to the procedure which involved the insertion of a balloon catheter to enlarge a narrowed artery. He denies having assured them that he would not use the procedure, and maintains that he was justified medi-

cally in proceeding without their consent. Jeffrey Burke QC, presenting the case against Dr Taylor, told the hearing that Debbie, Mr and Mrs Jenkins's fourth child and only daughter, was born with serious heart defects which were corrected by surgery. In 1995, she was listless, tired and breathless, and a

Mr Burke said Dr Taylor was devastated by what happened and had said he was only trying to help the girl.

consultant at another hospital where she was sent for a second opinion thought there was a problem with her heart. Mrs Jenkins saw Dr Taylor at the start of July, 1995, to decide whether to do a diagnostic operation. At that meeting there was specific reference to whether a balloon catheter would be used. Dr Taylor said he would not consider it at that stage.

Mrs Jenkins, who used to run the parents support group Heartline in East Anglia, was opposed to the procedure. She thought it was risky. It was agreed that Debbie would undergo the diagnostic operation on July 7. Before signing the consent form, Mrs Jenkins said she did not want a balloon catheterisation or

anything beyond the investigative catheterisation. But, said Mr Burke, when Debbie was undergoing the procedure, Dr Taylor realised that an artificial conduit which had been inserted into an artery during previous surgery had become deformed and was causing a blockage in her blood flow which he realised could be rectified by a balloon catheter. Mr Burke said: "He then de-

cided despite all that had passed between him and Mr and Mrs Jenkins over the last two days and despite the absence of consent of which he was fully aware, to go ahead." The balloon was inserted and blown up. It burst and attempts to retrieve it over the next three hours failed. The remains of the balloon blocked the artery cutting off blood to the brain.

A surgery team was called in to perform a bypass operation, but by that time Debbie had suffered irreversible brain damage. She died the next day after her life support machine was switched off. Mr Burke said Dr Taylor was devastated by what happened and had said he was only trying to help the girl. He said the issue was not one of negligence but of consent. Only if it had been an emergency would his actions have been appropriate. "Though everyone wanted to improve Debbie's condition, there was no emergency and no urgency and no one has ever suggested so far that there was," Mr Burke said.



George Cosmatos on a film set... He started the collection more than 35 years ago as a joint project with his late wife, Birgitta, and it grew as they travelled around the world

Footnotes to history go under hammer

Ruairidh Nicoll on a film director's unique collection of autograph curios

EACH yellowing scrap of paper is but a moment in the lives of the famous but as they stack up, the pile grows into a curio collection like no other.

At the end of the month the Hollywood director George Cosmatos, of Tomb Raider and Shadow Conspiracy fame, is selling his collection of 488 autographs, letters and notes at Sotheby's in London. The manuscripts include the scrawls of some of the most important figures of the last few centuries.

"I was fascinated by the

rence to the book exporters William Jackson concerning the distribution of Lady Chatterley's Lover. This was over 35 years ago, at the same time as Mr Cosmatos met Birgitta, his future wife, in a bookshop in central London. As the couple made their way around the world making films, the collection built up. It was, he says, a joint project in love.

"We always went to the back streets of every city we were in and hunted out things of interest to us. Collecting manuscripts became a deep bond between us."

Last year Birgitta died and the collecting ground to a halt. The loss led him to choose to sell the collection they shared. "It has a sense of closure to the circle."

Lying beside the papers of historical figures in Sotheby's is a wanted poster for Bonnie and Clyde (1930-1935), a previously unknown waltz for Gershwin in 1933 (£8,000-£10,000) and a signed photograph of Tarzan and Jane by the actors Johnny Weissmuller and Maureen O'Sullivan (1930-1930).



One of the many curios at Sotheby's: A still from a Fred Flintstone cartoon signed by Bill Hanna and Joe Barbera

The most expensive piece in the collection is an 1808 letter from Goya, who was the King of Spain's chief court painter at the time, to one of the ministers of state complaining that the method then used to move paintings was wrong. It is expected to fetch up to £20,000.

Chauffeur sacked after affair with lady mayor

Sarah Hall

THE chauffeur to the lady mayor of Worcester city council has been sacked after admitting he had an affair with her.

Thirty-five-year-old driver Stan Brookes was sacked from his £11,000-a-year post on Monday after admitting an affair with Margaret Layland, the Mayor of Worcester. Council solicitor Philip Betts said in a statement: "The role of mayor's officer is a public ambassadorial one which commands the highest standards of integrity and honesty from the postholder. Unfortunately, Mr Brookes has involved himself in a personal relationship with the mayor in his short time with the city council; this does not show the necessary quality that we would hope for in this role."

mayor, who has a teenage son with her husband Colin, also a councillor, cannot be ousted from her post. She has vowed to remain until the end of her term of office in May.

Yesterday, Mr Brookes, whose wife Anne claims to be standing by him, said: "I would have liked to continue my duties, as I feel they have always been of a professional nature. We are going to take some legal advice over what to do now." Council leader and head of the Labour group Derek Richards said the call for the mayor to stand down was not due to disapproval of her private life but her public deception over the affair. "She publicly denied the affair having privately admitted it to myself and a number of leading council officers who had knowledge of what was really true in an impossible situation," he said.

Cooks' 28-year marriage ends as wife gets divorce

Michael White
Political Editor

ROBIN Cook is now free to marry his Commons secretary, Gaynor Regan. It was confirmed yesterday that his estranged wife, Margaret, has obtained a divorce to end their 28-year marriage.

It is not yet clear whether that prospect will mark an end to a turbulent phase in Mr Cook's career as one of Labour's leading heavyweights, or leave a permanent shadow over his judgement. The 53-year-old Foreign Secretary was travelling in the Middle East on official business when the West Lothian NHS Trust, Margaret Cook's employers at the St John's hospital in her husband's constituency, issued a brief statement saying that she "wishes it to be known" that the divorce was finalised in Edinburgh last Friday.

Initial assumptions at Westminster that the statement had been timed to coincide with — and be overshadowed by — Gordon Brown's budget appeared later to be wide of the mark. It was issued locally on Monday and tucked away on inside pages of yesterday's Scottish newspapers.

The Cooks' domestic drama, which started with tabloid allegations about Mr Cook's long-running affair with 41-year-old Ms Regan last August, was blamed at the time on the pressures of a hectic political life. Mr Cook was allegedly given what amounted to an ultimatum by Downing Street to regularise his private life after the News of the World story broke as the Cooks were leaving Heathrow for a US holiday. He has since become engaged to Ms Regan whom he briefly considered installing as his diary secretary at the Foreign Office.

Unlikely keep Art

Comment

Diary

Matthew Norman

It is always a thrill to be present at the birth of a parliamentary first, and on Monday one came in the debate about student charges when the Government front bench were reprimanded by the Speaker for heckling one of their own backbenchers, Diane Abbott. The guilty men, she tells us, were education secretary David Blunkett and two of his juniors, Kim Howells and Stephen Byers. "It was Blunkett mainly," says Miss Abbott, "and he didn't stop. He just kept going. It seems to be Government policy these days that unless you tow the Millbank line, they will shout you down. They called me a ragged trousered philanthropist engaging in crocodile tears." The notion of any minister heckling a backbencher after the style of a comedy-clin drunk is admirable — dignity can so easily be lost in the cut and thrust of debate. Somehow, it is even more impressive coming from education ministers ever eager to send out the right message about discipline in the classroom. Tremendous stuff, lads. Well done.

Mr Blunkett and his beaming boys should tire of this tactic, and seek a more restrained debating style, a useful role model would be Andrew Smith, the quiet but popular employment minister. David Buckle writes from Oxfordshire praising Smith to the skies (as many others have) for his hard work and personal decency. "He is held in much higher regard than many journalists I know," writes Mr Buckle, "including you. If the Guardian wants to continue being a newspaper of the year, you will need to raise your standards," he goes on, "and provide us with something worth reading." Not that. Anything else, Mr Buckle, but please, I beg you, don't make me do that.

FOLLOWING observations on the status of GMTV as Mr Tony Blair's preferred outlet for interviews, I am pleased to note that Peter McHugh, director of programmes, now strives to raise his station's cerebral level. Yesterday's 500-per-minute phone competition question nicely signifies the lurch up market. Which movie awards ceremony will be held in Hollywood next Tuesday, he asked. (a) The Oscars; (b) the Oswards; or (c) the Olives?

I AM intrigued to read, in various newspapers, a shock revelation about my old friend Lord Andrew Lloyd-Webber. "He has been suffering from a debilitating stomach condition for 10 years," the Telegraph reports, "it emerged yesterday." For the regular diary reader, should such a creature exist, it is in fact emerged last autumn, when Lord Andrew's new chief toilet spokesman, Sir Nick Lloyd, cited "a recurring tropical amoeba" as the reason for his last minute withdrawal from a university ceremony. Another sizzling exclusive, then, from the column you (and the rest of Fleet Street) can safely ignore.

THOUGHTS of Lord Andrew brings us to a certain Superintendent McGrath, a divisional commander in Devon. Mr McGrath recently arrived on the scene just after two constables had stopped a drunk driver on a roundabout near Exeter. He offered to remove the man's car from the road, but returned a few minutes later, red faced and mumbling about having to return to the office at once to change his trousers. The constables were baffled, until they entered the car, and found that the suspect had had an accident just before being stopped.

AS A CHILD WITH A VERY SMALL CAR IN A BIG GARDEN



Clinton is from a dying breed — the lecherous, male, middle-aged boss

Jonathan Freedland



BARRING impeachment, resignation or disaster, he is the last American president of the 20th century — and this week he has really looked the part. He may have been the hip candidate in 1992, and the "bridge to the 21st century" in 1993, but he can't help himself: a baby-boomer who came of age in the 1960s, Bill Clinton is utterly rooted in the post-war past. He barely knows his way around a computer, his favourite car is a Mustang 67 and his hero is Elvis. Now, it seems, we can add one more trait to the list: the president has a completely passé attitude to women.

Kathleen Willey's account of her "meeting" at the White House in November 1993 suggests a man who has failed to catch up with the biggest social change of the past two decades. If the president behaved as Ms Willey alleges — greeting an employee in distress by grabbing her breasts and forcing her to touch his "aroused" penis — then he marks himself out not only as a bully and a creep, but a throwback and a relic, too.

For Bill Clinton may be the most famous representative of a dying breed — the lecherous, middle-aged boss. "Dying" because Clinton and his contemporaries in workplaces across America, Britain and beyond are fast being replaced by a new generation of men — one that has grown up with women in power and has learned how to behave.

Even the current fightback strategy stands as proof that, when it comes to the politics of sex, Bill Clinton is woefully out-of-touch. The White House is accused on winning back a largely, now threatening to walk away. Educated, affluent

women — who twice voted for Clinton in overwhelming numbers — are at a loss to defend the behaviour they heard described on CBS TV's 60 Minutes on Sunday. Patricia Ireland of the National Organisation for Women, who performed feminist gymnastics to back Clinton through every other "bimbo eruption," has joined the chorus of condemnation. If the allegations are true, she says, then America can no longer dismiss the president as a mere "philandering womaniser". He is, instead, "a sexual predator".

It's not hard to explain this sudden shift. Liberal, well-behaved American women regard Kathleen Willey as one of their own. Jennifer Flowers was a cabaret singer whose "roots" were showing. Paula Jones, a Southern floozy with big hair, Monica Lewinsky? California Valley-girl, with spoiled brat fantasies of a love affair with the big man on campus. But the well-spoken, mature, Democratic-voting Ms Willey? She's not a war between generations, too.

Men of Clinton's age grew up with little or no experience of women exercising power. Sure, the president's mother was a strong character in the home, but he rarely saw women in positions of public authority. My own generation, born in the 1960s, came of age under Margaret Thatcher. I remember thinking, as a teenager, that the idea of a male prime minister sounded funny. Every place I have ever worked has included women, often at the highest levels. After the 1970s, feminism's equation of the personal and political became ingrained: younger men learned that a boundary separates appropriate and inappropriate behaviour, and they crossed it at their peril. Of course, there's still Paul

Gascoigne and the aggressive laddishness of the men's magazines. But among the middle classes, a generational fault-line has opened up. Few young men feel they have the right to put their arm around female colleagues, to invade their personal space or indeed to touch them at all. They do not call them girls, love or pet. They tend to look women in the eye, rather than in the chest.

Such demeaning behaviour persists in Britain's offices, as the Guardian's survey of secretaries on Monday showed. But the offenders tend to be men in middle-age — leftovers from the days when the only woman at work was there to make the tea. The coming generation is growing even more accustomed to basic equality of men and women. They see Madonna, Celine Dion and, yes, the Spice Girls at the top of the charts — in my pre-teen days, we had to get by with Suzi Quatro. The best-selling album of the 1990s was by Michael Jackson: in the 1990s it was Alanis Morissette. TV shows like Real Women and Playing The Field put female characters up front, no longer the "wifely" of the past. Even Gordon Brown's effort to get single mothers into jobs sends a message to kids: a woman's place is at work.

The lesson for Bill Clinton is harsh. He may have pursued all the policies the women's groups wanted from abortion rights to affirmative action — but he was too much a creature of his time. The world has moved on: the men of the next generation want to work with women and keep their hands to themselves.

With colleagues with barely disguised prejudices, Mary Daley of the Health Visitors' Association confirms that black nurses are subjected to vile forms of racism. Christine Hancock of the Royal College of Nursing says that this is now "unacceptable". The irony is that it is enlightened private companies like British Airways which currently lead the way on this. Not only would racial abuse of their staff be unthinkable, but black people are now swiftly moving up to management positions because people like Bob Ayling of BA can see their potential more clearly than our NHS managers have ever been able to.

Frank Dobson, the Health Secretary, says he is determined to tackle this issue. Excellent news. How he gets on will determine which of the departed Enoch Powell's legacies will prevail: a health service with a dynamic multi-ethnic workforce or one defeated by racial prejudice.

Black nurses are often disciplined for refusing to take racial abuse

than previous generations for obvious reasons. Restructuring in the service has also played a part. The patients' charter has indirectly sanctioned the behaviour of racist patients. Black nurses are often disciplined for refusing to take racial abuse and violence. Many also work

Wooing women

Polly Toynbee



THERE is no doubting the grand plan. Here are the foundations for a mighty edifice of radical welfare reform. It signifies the beginning of the end for an outdated universal welfare system. As the walls take shape, we shall see real redistribution of money: the middle classes will see their welfare entitlements eroded while more is poured in to raise the prospects of the poor.

Now we see only the trenches dug and the first stones put in place. But looking back, this will be the day that real change began. Exactly what the finished monument will look like, we don't quite know, and probably the Chancellor doesn't know precisely either. No doubt the architect's drawings will be altered in the building, but we get the idea.

For this is undoubtedly a radical reforming redistributive budget, which the Chancellor surprisingly underplayed in his speech. He was a grin-faced, forbiddingly prudent Father Christmas, yet still he handed over large sums to poor children. For it is the 40 per cent of poorest families with children who are the main gainers. Those families in low-paid work gain sizeable sums, and more if they use paid child-care, but even those on income support or job seeker's allowance are gainers too. Yes, the lone mothers on benefit get back at least a little more than the sum they lost, and yes, poor working lone parents get considerably more than they lost.

Where were the surprises? Wasn't it all trailed in advance? The surprise comes in the sheer size of the amount of money that will go to the poor over the next two or three years if all works as the Chancellor intends. He means more people to go out to work, and more people to claim those generous in-work benefits. If say, 500,000 single mothers with school-age children seize the money on offer and take jobs with childcare, it will be phenomenally expensive — but money very well spent.

The working families' tax credit will be a great deal more generous than the family credit it replaces. Family credit costs £2.3 billion. WFTC will cost £1.5 billion more. Family credit had sharp tapers, so people were losing large chunks of benefit once they started earning around £70. Now they can earn up to £30 before losing benefit at a much slower rate.

BUT it is the sheer ambition of the childcare credit that is truly amazing. It should make reasonable-quality child-care available to all for the first time ever. Lack of child care is the great barrier to work for single mothers. But now any mothers earning £14,000 or less can get £70 a week for one child or £105 for two, tapering away until it tapers out for those earning £22,000 for one child, and those earning £30,000 for two children. So it reaches up the earnings scale, with unknown future costs that may well be into billions quite soon. For now very few of the poor pay for childcare because they can't afford it, so paying those existing sums will cost the state little — maybe £20 million — but no one really knows. But when all the poor can get reimbursed if they put their children into a registered club or with a registered minder, that will create a sudden and healthy boom in people providing childcare. No one knows how much. But watch while every sensible granny who cares for her grandchildren rushes out to get herself trained and registered by the council, to qualify for the £70 a week. It is extraordinary — maybe unique — for the Treasury to sign a blank cheque for a project where the costs will rise so fast and so unpredictably. But that money will be very

well spent, rolling on through poor communities, employing other poor people.

However, perhaps, looking back, we shall see that the most significant change has been something dull and administrative, slipped in quietly between more exciting announcements: the contributions agency has been abolished and absorbed into the inland revenue. This is the first step in a long term dismantling of the crumbling, shaky and incomprehensible national insurance system.

The cutting back and rationalising of national insurance contributions may be another step in that direction. For secretly, behind the scenes, most agree that national insurance has had its day. It's just another tax, and it's time to end the charade of paying into a non-existent "fund" to get out unspecified but ever dwindling universal benefits that many no longer need. It will take time — but we saw the first step with the announcement that child benefit will be taxed in future. All universal benefits must go that way — last and most politically difficult, the universal pension in these days where one third of pensioners are now very well off and don't need it.

The recent Guardian/ICM poll shows that most people are quite happy to see child benefit taxed or taken from the well-off. The mystique of universal benefits has gone, and people now regard the welfare system as wasteful if it pays out to those who don't need it. This is the beginning of the end of Beveridge — a system designed in another era for a very different and far poorer society, and it never



Brown has changed the future for hundreds of thousands

quite did what it intended anyway.

The Chancellor has yet to start serious work on that other welfare state — the welfare state for the middle classes, more subtle and a great deal more valuable: the tax reliefs for mortgages, pensions and savings. Any welfare reform has to look at the welfare state in the round and that includes welfare paid in tax foregone just as much as in benefits paid out, equal drains on the exchequer. But not at this time.

So there we have the redistributing Chancellor, radical reformer in the making. It may not all be plain sailing — a formidable array of opposition to the Working Families Tax Credit is building up, and unless he gets the detail right, it could still be derailed by the same odd coalition that stopped Mrs Thatcher doing it — family, feminist, poverty and business lobbies combined. They'd be looking a huge gift horse in the mouth, but he'll have to get the detail right, to make it easy for the businesses paying out the new credit through their pay packets — and to give enough of a chance for wives to receive the payment instead if they want it.

But the Chancellor has pulled off the magic trick. He has done what he most wanted to do about the growing underclass. He has changed the future for hundreds of thousands of women and children (and Harriet Harman here deserves the credit for making him understand the importance of childcare). Yet virtually no one is a loser.

A tide of bitterness from mistreated professionals

Black nurses' blues

Yasmin Alibhai-Brown

GORDON BROWN promised £500 million extra for health in yesterday's budget. But cash is not the only problem. I recently chaired a TUC conference on black women and the labour market. The event was overwhelmed by one subject: the plight of black nurses in the National Health Service.

Ex-nurses, union representatives, nurses themselves, spoke with utter despair not only about what was happening to them personally (and remember how risky this is for public sector workers who are increasingly under pressure not to speak out) but about history, the lost hopes of a community and their fears for the NHS.

transformed the conference into something more momentous. After all it was Powell himself as health minister in the post-war government (before he saw the dark) who issued seductive invitations to black women to come over and help build the service.

Fifty years ago this June the Empire Windrush arrived with the first 492 hopeful, patriotic Caribbeanans. The Daily Worker headline read: "Five Hundred Pairs of Willing Hands." Thousand more followed, including women who were, or became, nurses. They started at the bottom, hoping that this would enable them and their children to get their due. They often worked in the twilight jobs with low pay and bad conditions. Many have ended up with chronic, debilitating illnesses in old age. But they remained optimistic, encouraging their daughters to join the same profession. That is until disenchantment started to set in. In

1988 I interviewed three generations of nurses in the same Caribbean British family for the New Statesman. They swore they would never let any of the younger children even play in a nurse's uniform. Recruitment of black staff then was then still more than 10 per cent. It is now less than 1 per cent.

Meanwhile a national shortfall of 8,000 nurses is forcing NHS trusts to go shopping in Canada and Australia. Although money often dominates discussions on the NHS, the crisis goes beyond the issue of resources. The black MP Diane Abbott, when she made some unfortunate remarks about Finnish nurses being preferred to blacks, was only saying the right thing in the wrong way. How can it be right that black British nurses here are being hounded out while trusts go around the world on recruitment drives?

Are black nurses unfit for the jobs they are doing or

have those in charge barely let down this dedicated group of professionals?

Figures show that substantial numbers of black women are highly educated and that they are more likely to work full time than white women. If anything has changed it is that Caribbean nurses are less pliant and more ambitious

with colleagues with barely disguised prejudices. Mary Daley of the Health Visitors' Association confirms that black nurses are subjected to vile forms of racism. Christine Hancock of the Royal College of Nursing says that this is now "unacceptable". The irony is that it is enlightened private companies like British Airways which currently lead the way on this. Not only would racial abuse of their staff be unthinkable, but black people are now swiftly moving up to management positions because people like Bob Ayling of BA can see their potential more clearly than our NHS managers have ever been able to.

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Wooing women

Radical on a shoestring

It's an impressive budget

THE CHANCELLOR'S second budget is a mixture of Red Gordon and Flash Gordon. It combines his impressive welfare-to-work schemes with fostering new enterprises and improving the environment without creating many obvious losers. It is another impressive tour de force which creates waves while reinforcing his image as the skinflint radical. Skinfint because he has managed to give quite a lot away (like £1.2 billion apiece on the child support package and national insurance reforms) while claiming to have extracted £17 billion from the economy over the past year. He managed to find an extra £500 million for health, £250 million for education and £175 million for transport from the fact that he managed to undershoot the Conservatives' spending plans — castigated as draconian at the time — by a cool £1.5 billion.

It's radical, but has Brown restructured Beveridge? We must wait until next week's green paper on welfare reform when the Government's strategic overview of all benefits will be laid out. But in a budget still constrained by one more year of Conservative spending limits, the Chancellor has produced more cheer for anti-poverty campaigners than they have enjoyed for two decades. Leaks had already signalled this would be a budget to support families, reward work, and encourage enterprise. What the leaks — even Polly Toynbee's Guardian exclusive on childcare costs — had not established was the extent of the support for families. All families will benefit, but poor families will be given special

help. The emphasis on tax credits, rather than benefits, is political: US experience suggests affluent voters can tolerate redistribution through tweaking the tax code, even if they don't countenance hand-outs.

But for the Toynbee leak, the biggest surprise would have been the extent of the help given to families moving from welfare to work. This is revolutionary. On top of the well-trailed working family tax credit, which will replace family credit, comes a childcare tax credit which will pay up to 70 per cent of childcare costs. Families earning £14,000 will be able to claim up to £70 for a single child and up to £105 for two or more children at £16,000. Over and above these levels the benefit will be paid but at a gradually reduced rate. The barrier which has prevented so many families moving from welfare to work — childcare costs — has finally been breached. It is still unclear how many will benefit. The Treasury is not prepared to make an estimate, but there will be many more than the tiny current knot of just 30,000 families receiving any help at the moment. What also seems clear is that a country which only provides one childcare place for every eight children under nine is going to be transformed.

It is not just those in work whom the Government is going to help. It has finally responded to its critics who have complained that it was not doing enough for families who cannot find work or are unable to work. Belatedly, it has found the courage to recognise the inadequacy of existing benefit levels. Not only will the income support premium be raised by £2.50 a week but there will be a £2.50 increase over and above inflation on allowances for each child under 11. It may not sound much but it is the equivalent of a 20 per cent rise.

The biggest surprise for anti-poverty campaigners is the resurrection of child

benefit. It had become the forgotten benefit, not just limited to price rises but frozen for several years under the Conservatives. Now it has been identified by the Chancellor as a key part of Labour's family policy: a £2.50 a week increase from April 1999 for the first child with a clear signal there will be more to come. Next April's increase will be financed by a reduction in the married couples' allowance — as recommended by Labour's National Commission on Social Justice — but future increases could be financed by taxing the better off.

There can be no complaint by the Daily Mail of squeezing Middle Britain this year: mortgage interest relief remains untouched, the increased child benefit will be paid to all families, and the national insurance ceiling remains in place. There is only horizontal redistribution — from childless couples to people with children — but the signal that higher taxpayers may have to pay tax on an increased child benefit in future years shows ministers moving timidly towards some vertical redistribution.

In macroeconomic terms, Mr Brown may be preparing to build up a budget surplus in preparation for possible entry into EMU (and, of course, a war chest for the next election), but in the short-term this budget is aimed at imposing such a fiscal squeeze that the Bank of England's independent monetary committee has no alternative but to reduce interest rates in order to allow the overvalued pound — which went even higher yesterday — to sink to a level that manufacturing industry can live with. There is no doubt that the economy is now losing enough weight — the only question is whether it is yet losing it in the right places. Increases in taxes announced yesterday, added to those already in the pipeline, are bound to have a significant cumulative effect on the economy. They include

raises in taxes on petrol (particularly the road-fuel escalator, which will raise more than £1 billion), tobacco, and booze, the phasing of corporation taxes (which will raise £3.6 billion in the next two years before the reductions take effect), the rise in stamp duty and the £720-million reduction in relief on the married couples' allowance. The question is whether they will hit consumer spending enough.

This is one of the most clearly thought out and interdenominational budgets ever conceived by a Labour government. Small businesses, never natural Labour allies, are being helped by a salvo of incentives to boost profitability and to enable them to employ more people cheaply (the counterpoint of the welfare-to-work project): universities will get £50 million to exploit their own ideas. This may be much less than Bill Gates has already allocated, but it is a big step in the direction of trying to solve one of Britain's chronic problems — our inability to translate winning ideas into winning products. The environment is being helped by making bigger, corporate cars more expensive to run and small ones cheaper. And the millennium gesture to encourage the relief of world poverty is welcome and innovative.

History will judge this budget by how the radical microeconomic reforms dance in tune with the macroeconomic mood music. If everything goes well, then the reforms to enterprise and welfare-to-work could enable the economy as a whole to expand faster and avoid bottlenecks. But if the macroeconomy responds perversely (as happened twice in the 1980s when the Conservatives were in power) then the welfare-to-work project will fail. There won't be any new job opportunities to fill in continued spending and an overvalued exchange rate drag the whole economy down.

The next move is out of Mr Brown's hands. It will depend on the monetary committee deciding whether to raise or lower interest rates. At the moment the hawks, ominously, are in the ascendant.

Yeltsin's tonic

A voice we can believe

IF BORIS Yeltsin is feeling better, he may owe it to a visit last Sunday from someone whom a previous Russian president banned from the country. Galina Vishnevskaya, once the Bolshoi's most dramatic of dramatic sopranos, and her husband the cellist-conductor Mstislav Rostropovich, had dinner at his dacha, and persuaded him to stay at home and nurse his lost voice.

Ms Vishnevskaya has recorded in her autobiography some very different memories of other Russian leaders. The couple were expelled by Leonid Brezhnev for having befriended Alexander Solzhenitsyn. She had learnt early on to be wary of the Kremlin. Stalin loved the Bolshoi: he used to sit in Box A, hidden by a curtain and eating boiled eggs in the intervals while KGB men sat beside the musicians. Bulganin made a pass at her and pursued her ominously over the phone. It was no wonder that singing for Ms Vishnevskaya was a way of escaping away from reality "into a realm of mystery".

There is a bit of a mystery now about Mr Yeltsin's real state of health. He has cancelled all meetings this week, though Mr Rostropovich said that he was on the mend. Perhaps it is a pity that Ms Vishnevskaya, after a brilliant career ranging from Moscow to the Maltings, is no longer singing: that would have been the best tonic of all.

Letters to the Editor

Late tackle and a Punch-up

WELL done the Newcastle directors for realising the underlying contempt of plc FC (Newcastle fans angry as board stays silent, March 17). The Premiership corporate clubs have put a higher value on football than once found in Ratner's Jewellers. The crap is justified by the greater good: team success. Only now, the FT Index is the premier table, and profit the universal motive. Every tacky merchandising trick is used to lure the gullible customer (as we supporters are now called). And every start to the season, like every Christmas, we fall for it — the expensive season ticket and wearing corporate logos. Maybe now more supporters will see the exploiters for what they are.

Andy Wilson, London.

WAS most interested to read, below a large picture of Victoria Aitken wearing blue jeans and a black top, that she was "wearing blue jeans and a black T-shirt". Disappointingly, no details were given of others' apparel. Noting that she is an attractive young woman, I wonder whether you could also supply (accurate) details of her eye colour, hair style and vital statistics — or would such irrelevant, sexist detail be frowned upon in a highbrow paper?

Dr J Garibaldi, Nottingham.

ROY Greenslade was quite right when he said that Punch ran an inaccurate story about him (Media, March 16). Therefore we are publishing an apology in the next issue and devoting our energies to current legal battles with John Prescott and Viscount Rothamsted.

James Steen, Editor, Punch, London.

The Myras I know

WRITE as one who was once IRC chaplain to Cookham Wood Prison where I ministered to Myra Hindley — with whom I still keep in touch. I write in response to Roy Hattersley's thought-provoking piece (Endpiece: Myra and Justice, March 16).

It is obvious to all concerned that Myra Hindley's case is unique. Although calls for her to be treated "like any other prisoner" seem reasonable, the bizarre fashion in which Myra has evolved into a public possession and media obsession prohibits any attempt to treat her as a normal sane person. The unlikelihood and unprecedented nature of this case must be recognised and appreciated, before any kind of just resolution is possible.

For those in regular contact with Myra Hindley, it is patently evident that there are what I might call "two

Myras". There is the public icon/evil monster, Medusa-like image (based on a 33-year-old photograph), which holds the projected hatred, fear and fury of the nation's psyche, fed mercilessly by the tabloid press, which, of course, benefits greatly from pandering to baser instincts.

This contrasts dramatically, often to the point of sheer ludicrousness, with the actual woman of today, now 55, whom I have always found to be gentle, caring, polite, sensitive and intelligent. It is curious how the views of the public, prison governors, probation officers, chaplains, and counsellors who know her well are overridden by those of the public at large who have never met her.

Observing these "two Myras" over the last four years, I feel that Myra has become a pawn, serving the self-interests of so many parties.

The tabloids need her to boost their sales. Their readers need her to satisfy their demand for a national obsession. Governments need her, to enable them to be seen to be enforcing their "tough stance" on crime and criminals, thus increasing their appeal to the electorate.

In a real sense, Myra Hindley has become a political prisoner, serving the interests of successive home secretaries, who have placed political expediency and, effectively, a lynch-mob rationale, before the dictates of justice and basic human rights. I believe that this is a scandalous state of affairs which surely must not be allowed to continue without vigorous and vocal denunciation. Sadly, there are few who wish to take it on.

Fr Best White, Former chaplain, Cookham Wood Prison, Rochester.



Why Thames flows against the tide

THE admirable plans by John Prescott to increase the use of the Thames for passenger transport will fail, as previous schemes have failed. If the proposed improved infrastructure is not accompanied by deregulation, passenger transport within the port of London is the exclusive right of the London Watermen. This is a legal monopoly that they have enjoyed for more than 170 years and they have used it to block the growth of economically

competitive waterborne transport. Obviously it would be unwise to allow complete novices to ply for hire on the tidal Thames but it should be possible to be competent without being a member of the Watermen's Company. Roger Beckett, Maldon, Essex.

We do not publish letters where only an e-mail address is supplied; please include a full address. We may edit letters. The Country Diary is on Page 6.

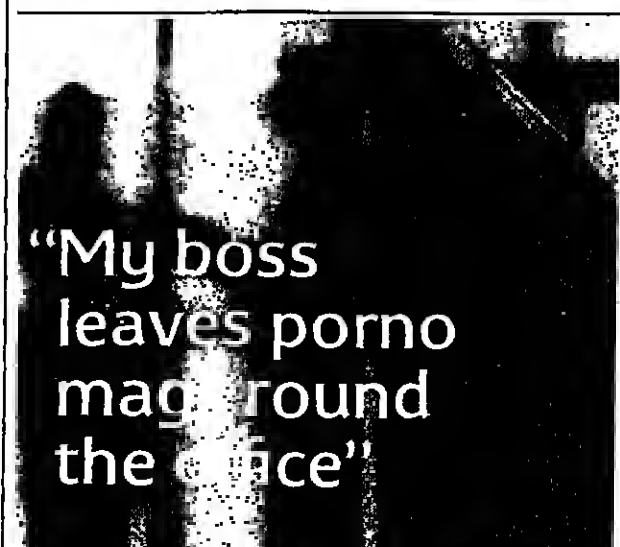
In search of that elusive thing, true democracy

PETER Mandelson's argument (Peter's passions, March 16) that "representative democracy is slowly coming to an end" does New Labour no credit. Representative government was indeed formulated before the rise of universal suffrage, mass parties or the mass media. This does not mean that a more perfect form cannot be devised. Look at the alternatives. The US has a model of populism in which unsuitable commercial values are translated into government at all levels. It lacks a truly responsible media and many of the social and civic values we enjoy in Europe.

In the UK, we have public service broadcasting — and the BBC is the one institution that we can give the rest of the world as a model. It wouldn't have been invented by a fascist group. If we are worried about the press, perhaps we need to tackle the question of media ownership with the kind of bravery that Mr Mandelson

shuns. Our universities could add vast social value to the internet by moderating their sites and making them a brand for trustworthy discussion. New technology could bring a golden age of democracy. We also need to establish elites that we can trust. A lighter touch by the parliamentary whips would allow MPs to exercise their consciences a little more. While people don't trust party clones, they can all relate to independently minded politicians who are seen to serve the public interest. Paul Evans, London.

THE Nazis made use of plebiscites and citizens' movements to manufacture the illusion of consent. In post-war Germany, ensuring the integrity of a professional political class to mediate between public and state was a cornerstone of denazification. Mike Diboll, London.



how big or small he thinks their breasts are and whether he thinks they've been growing

Price too high

JOHN Ryle quotes George Steiner (Writers freed by a spell in prison, G2, March 16) when he asks: "Where would we be without Stalin? There would be no Mandelstam, no Pasternak, no Solzhenitsyn — or not as we know them." Well, fact is, if we had never known a Stalin, we would not need Mandelstam, Pasternak, or Solzhenitsyn — at least not as we know them. And three wise men might have lived untroubled happy lives.

Please, the price of a dictator is never going to be as cheap as three malcontented poets...

To paraphrase Orson Welles in *The Third Man*: what's so bad about a cuckoo clock?

Jon Simmons, Brighton.

Of Clinton and his Willey

DIDN'T it seem important only a few days ago that UN inspectors might be allowed to see what Saddam has been up to in his palaces? Nothing. Reading your leader (March 17) about Clinton's alleged gropings and an entire international news page devoted to those starved, gassed, and bombed unfortunate, Kathleen, Linda, Monica, Gennifer and Paula, suggests what might be your next proposal — that the UN inspectors immediately be ordered to move from Iraq into the White House to check what's happening there.

Richard Wilson, North Cave, Yorkshire.

WILLY" the other day, I could not prevent a rush of sympathy for the US president. Either his early education was devastatingly inadequate, or he is a traitor, or an increasingly desperate defence team. Ains, some days later, the headline was corrected to "Willey". Paul Gasson, London.

CLINTON crisis over TV sex claim (March 16) led me to imagine Bill wearing Hillary's frocks. Or was it possible that security cameras had captured footage (or inch-age?) of the presidential equipment at work?

But no, another woman who should have applied a timely knee to the groin. John Tiltingworth, Bradford.

Train of thought

HAVE just come back from Paraguay and can tell Matthew Engel (Slow trains, March 14) that if John Major did go there, he could enjoy a trainees' paradise. The only train I found were three rusty steam engines lovingly guarded by a small group of enthusiasts. Uruguay next door has had no trains for 10 years. The reason, of course, is privatisation. Mike Broadbent, Luton.

Gut reaction

CHARLES Birch (Letters, March 14) is quite right about "humanure", most of which is still wasted by landfill, by pumping/dumping the toilet sea wards (marine pollution), or incineration (global warming).

On leaving school, my first job involved transporting by horse and cart well-matured human excrement from the local sewage farm to my employer's fields.

Forests of tomato plants flourished on the sewage beds and the superb flavour of the tomatoes we ascribed to the fact that the seeds from which they sprang had passed through the human gut with its cocktail of e-coli, enzymes and hormones.

Tony Hills, Crediton, Devon.

Ballot of the sexes

Ian Aitken



THE ACCEPTED wisdom in left-of-centre circles is that what is needed to make our ancient parliamentary democracy a reality at last is a lot more women MPs. This idea has even survived the advent of Blair's Babes, whose legendary obedience to the government whips might have shocked even the Marquis de Sade.

Indeed, now that Lady

Thatcher has gone, even the Conservative Party has come to accept that something must be done to boost the tiny number of female MPs on its parliamentary benches. The problem, however, has always been what.

By and large, the Tories do not favour positive discrimination for women. Labour, on the other hand, does. It has recently been jumping through endless hoops to prove its feminist credentials, including instructing some local parties not to pick male candidates.

But a nasty row broke out in Scotland last month because the Lord Chancellor, Derry Irvine, argued that some of the pro-women measures being proposed for electing the new Edinburgh parliament could be illegal. The poor Lord Chancellor is now accused by the Scottish sisterhood of a kind of political rapine on top of his alleged pillage of Edinburgh's art galleries.

Yet it is hardly surprising that the issue generates so much heat. The difficulty is that positive discrimination in favour of women means negative discrimination against men. And although it is true that overall fairness to women politicians demands a near-equality of numbers at Westminster, it can turn into gross unfairness for individual men who are barred from the contest by these all-women short lists. Some men object.

This is the problem at the heart of almost every system for achieving sexual balance which has so far been proposed by the political parties. But as it happens, there is another way of doing it which would eliminate the unfairness at a single stroke. What's more, it would be perfectly suited to a trial run in the approaching Scottish parliamentary election.

I make no claim to originality, but my suggestion is this: take the electoral map for

Scotland's proposed new parliament and halve the number of constituencies by combining pairs of neighbouring seats into single constituencies with twice as many voters. Then decree that there shall be two members for each of the new seats in the assembly, one male and one female.

Of course, this would entail having two lists of candidates on each ballot paper, with electors voting for one candidate from each list. To avoid the possibility of "plumping" by last-ditch male chauvinists or fanatical feminists, no ballot paper would be treated as valid unless it bore two votes, one for a man and one for a woman.

That way you would end up with an assembly exactly balanced between men and women, just like that. And, hey presto, a truly representative democracy would then exist for the very first time since politics began. Which, on present experience, would

certainly be good news for the whips.

THE REVELATION that young William Hague has been pinching some of Tony Blair's favourite phrases to use in his own speeches has a certain poignancy. It isn't that he needs to borrow other people's clever ideas because he's a bad speaker. In fact, he's a rather good speaker — a lot better than either the humbling Major or the excruciatingly artificial Thatcher.

No, the really depressing thing about Hague's plagiarism is that he seems to have been stealing the most banal, the most meaningless, the most platitudinous bits of Blair's New Labour text. Even when the Tory spin doctors counter-claimed that it was actually Blair who was pinching Hague's phrases, it was the vacuous passages which they cited.

The whole pathetic episode simply underlines what has been painfully obvious for

years — that most political speeches nowadays are interchangeable. It is a rare politician who dares to utter specifics from a party platform, which is why it is more rewarding to listen to budget speeches than to platform oratory. They're about doing, not saying.

WITH RUPERT Murdoch again emerging as the hammer of the trade unions, I offer a spine-chilling Rupertism on the subject. Lord (Len) Murray, the former TUC chief, told a recent House of Lords debate on the press that he had once attempted to justify the print unions to Murdoch by saying that Fleet Street's employers had simply got the unions they deserved.

"Yes, Mr Murray," the Prince of Darkness replied. "And now the unions have got the employer they deserve." Brrr.

Mark Steel is on holiday

8 OBITUARIES

Arkady Shevchenko

From Russia with book deal

ARKADY Shevchenko, who has died aged 67, was the highest-ranking Soviet diplomat to defect to the United States and had been tipped as a successor to the Soviet Union's veteran foreign minister Andrei Gromyko.

At the age of 42 he was shifted from his regular position behind Gromyko at international gatherings to go to New York to become the United Nations Under-Secretary General, the second-ranking official in the UN hierarchy, with only the Secretary-General, Kurt Waldheim, above him. This was a post traditionally in Moscow's gift and usually given to those the Kremlin regarded as high fliers. There was a general assumption that this appointment, and his closeness to Mr Gromyko, signalled that he was being groomed for a top job.

It was then that he became disenchanted with communism. According to his account, he began collaborating with the Central Intelligence

Agency soon after his 1972 arrival in New York, although it has never been clear how valuable his information was. He was regarded as a weapons and disarmament expert, but defectors later commented that he had given them few details of such operational issues as Soviet codes, defence installations, or weapons' performance. "He gave us an interesting look at the Soviet political hierarchy," one said, "but there have been far more interesting defectors in terms of information, though you've probably never heard of them."

Shevchenko's decision to change sides in 1978 was wholly welcomed by the Carter administration, which was then trying to sort out the middle of the Cold War over the strategic arms limitation talks. When he announced through the UN that he was defecting, he was "considered on leave" by the Soviet delegation immediately. He was highly intelligent of "a detestable frame-



After his defection the KGB flew his wife to Moscow and a month later said she had committed suicide. He maintained she had been murdered

up" and seemed, briefly, to believe it. It was disabused within days, however, when Shevchenko formally resigned from the UN and issued a statement saying he had "serious differences of political philosophy and convictions with the present Soviet system".

But in one way he fell out of the frying pan into the fire. He complained in his memoirs that the CIA was highly insensitive in its handling of

his case. He also suffered an immediate personal tragedy when the KGB flew his wife Leonida back to Moscow and reported a month later she had committed suicide. Shevchenko always maintained she had been murdered.

But, as his literary agent remarked later, in seven years Shevchenko moved from communism to tax shelters. His immediate CIA deal was for an annual \$50,000 in come for life. There was also a

claim a few months later that the agency had paid out \$40,000 to provide him with a regular call-girl. The ensuing public row chastened Shevchenko severely and he sought other ways to augment his stipend.

He contracted with the publishing house Simon and Schuster to write his memoirs for an advance fee of \$500,000, but they rejected the manuscript and successfully sued him for the return of the money he had been paid. The publisher's editor-in-chief, Michael Korda, described the book as "uninteresting and not worth the money".

Shevchenko then did a deal with another publisher, Knopf, for considerably less money and produced a volume which was on the New York Times bestseller list for five weeks. According to Korda, this second book contained completely different material from the first, including Shevchenko's claim to have worked for the CIA for 33 months before his defection and an intimate portrait of Nikita Khrushchev. "I think

he was told to juice it up," Korda said. If that was true, it was certainly extremely effective. Time magazine paid \$30,000 for two long excerpts and the book was accorded an hour-long television programme, publicly that evening, which hit the American lecture circuit and commanded \$10,000 to \$12,000 for each appearance.

But his insider's account of Soviet life palled as the country became more open and the collapse of the system ended his public career. He became virtually a recluse at his home in Bethesda, just outside Washington, working fitfully on a study of Soviet foreign policy decision-making.

In December 1978 he married an American, Elaine Jackson, who helped him write his memoirs. She died of cancer in 1990. His third wife, Natasha, survives him.

Harold Jackson
Arkady Nikolayevich Shevchenko, diplomat, born 1930; died March 7, 1998

J T Walsh

Gold behind the glitter

CINEMA is as much about character actors as about the stars, since it is they who are the waft and warp of any movie — and without them the stars and the movies would glitter infinitely less. As J T Walsh, who has died aged 55 of a heart attack, himself said: "If you're a character actor you're the one the directors know that they don't have to worry about, so they can turn their attention to more pressing problems, like finding the star a bigger trailer." Walsh was a respected member of this band of stalwarts.

Born in San Francisco, he studied as a child at a Jesuit boarding school in Ireland, subsequently graduating from the University of Rhode Island with a degree in sociology. His early career included stints as a social worker, encyclopedia salesman, junior high school teacher and reporter. For some years he had been an active community theatre player, and it was where he was discovered at the age of 30, before beginning a professional acting career in off-Broadway shows. He appeared in David Mamet's *American Buffalo* and then, in 1984, in his *Glengarry Glen Ross*, in which he played Williamson, the office manager, a role which won him a Drama Desk Award.

It was this production that brought him to the attention of Hollywood (although not to repeat his part in the film *Glengarry Glen Ross*) and roles in over 40 films and television movies. In 1986 he played a TV executive in Woody Allen's *Hannah and her Sisters* and subsequent films included *Good Morning, Vietnam* (1987), *Tequila Sunrise* (1988), *The Grifters* (1990), *Backdraft* (1991), *Hofa* and *A Few Good Men* (1992), *The Client* (1994). Executive *Decision* and *Sling Blade* (1996) in which he played a mental patient, and *Breakdown* (1997) in which he played a seemingly harmless truck driver who kidnaps Kurt Russell's wife.

He had just completed *Platoon*, with Jeff Bridges and Joaquin Phoenix, and *The Negotiator* with Samuel L. Jackson. One only had to compare Walsh's fast talking con artist Cole in *Stephen Frears' The Grifters* with Lieutenant-Colonel Mickelson in *A Few Good Men*, a quiet man whose integrity had been undercut by life in the Marines, to recognise his qualities and his acting range. Or take Sgt Major Dickerson in *Good Morning, Vietnam*, whose menacing eyes and bullying verbosity ensure that his warning to Robin Williams that if he says again "... your ass will be grass and I'll be the lawnmower" is no joke. Walsh

was one of those actors who only needed a few moments on screen to ensure his presence lingered in the memory.

He is survived by a son, two sisters and a brother.

Sheila Whitaker

Stephen Frears writes: What I really remember about the three or four days I spent working with J T Walsh when I was directing *The Grifters*, was the unashamed gusto with which he and a lady working on the film fell into each other's arms. The breakfast burrito was barely on the table before the two of them had declared eternal love. It was a magnificently rash and wholehearted affair, as if she, who had till then been comatose, had been jolted by a cattle prod.



Walsh... character roles in more than 40 movies

This left little time for J T to conduct sensitive discussions with his director about his character's motivation.

He must have been a powerful lover. Like her I had been electrified by his galvanic energy and his plain man's hunger to get the most out of his scenes. I had found him in the film *House of Games*, pounced on him as soon as he was walked through the door, and cast him as the long-term grifter, driven by the life he had chosen into the Prison for the Criminal Insane at Alcatraz. I think he was one of the final pieces to fit into the mosaic.

He was never available again. I doubt if he had more than a few days out of work. You can't make a film without that repository of character actors who bring an imaginary world to life. He was tough, passionate, and witty. He had the face of a salesman, quintessentially American.

I won't say who the lady was; just remember how goshmacked she was that people like J T existed. Me too!

James T Walsh, film actor, born March 1, 1942; died February 27, 1998

Norman Calder

A fresh look at Islam's origins

NORMAN Calder, who has died of cancer aged 47, was one of a small band of pioneers who applied to early Islamic sources the sophisticated literary approaches which had been refined in the study of the Bible and of Rabbinic literature. The result was revolutionary, a deconstruction of the traditional academic view of Islamic history.

His monograph, *Studies in Early Islamic Jurisprudence*, and a series of profound articles, comprise an oeuvre rich both in achievement and in promise. It will continue to influence the re-evaluation of the origins of Islam.

Born in Buckle in Scotland, educated at Dunstable Grammar School, Calder went up in 1969 to Wadham College Oxford to read oriental studies, joining an unusually talented circle of young Arabists. Having graduated with a first in Arabic and Persian, he taught for two years for the British Council in Tehran, and for a further two in Saudi Arabia, honing his Arabic and Farsi, and turning him into a shrewd observer of the Islamic world.

Back in Britain at London University's School of Oriental and African Studies he worked with John Wans-

brough, whose radical approach to the Quran and other early Islamic literature had provoked intense controversy. Calder continued to exchange ideas with his doctoree right to the end. He completed a brilliant doctorate on *The structure of authority in Imam Shi'i jurisprudence* and after a year of teaching Arabic at Leeds University took up, in 1980, a post in Arabic language and literature at Manchester University. He held this until autumn 1997, when ill-health forced him to retire.

Enjoying Manchester's cultural life, content with the wide circle of friends which he had built up, he resisted several attempts to lure him to senior positions elsewhere. He liked nothing better than intellectual cut and thrust, commenting on the latest play at the Royal Manchester Opera, discussing Thomas Mann, or conclusively proving that the *fatwa* against Salman Rushdie was not in accord with the best Islamic authorities.

His presence was crucial in maintaining Manchester's reputation as a leading centre for middle eastern studies. He modernised the teaching of Arabic, and persuaded his colleagues to reform the middle eastern studies teach-



Norman Calder... deconstructing the traditional academic view of Islamic history

ing programme. He sometimes mildly exasperated his colleagues by using his jurisprudential mind to stand the rules on their head, when they did not produce the rational outcomes which he anticipated.

He supervised some 20 doctoral students, most of whom came from the Middle East or the wider Islamic world. There was potential for deep conflict in the meeting of his

own radical western approach to Islam and the more intellectually conservative attitudes of his Muslim students. That this tension remained creative, rather than destructive, is a tribute to his tact, patience and humanity, and to his students' ready perception that he had their interests at heart.

He faced the news that he was dying with philosophic calm. He was on a British

Academy fellowship, through which he could devote himself to research. He meticulously completed what he could of this work and has left it in a form which, hopefully, is publishable. He arranged to see his friends, enjoyed their company as long as he could and planned his own funeral service, attended by Christians, Muslims, Jews and the non-religious, of all shades of opinion. It was only at the fu-

neral service that many learned that he had returned at the end of his life to the Catholic faith in which he had been raised.

He is survived by his parents, two sisters and a brother.

Philip Alexander

Norman Calder, academic, born March 21, 1950; died February 13, 1998

Juliet Bernard

Between the Bar and café society

HAD she lived in the 19th century, Juliet Bernard, who has died of cancer aged 38, would undoubtedly have presided over a salon. One of the Bar's most versatile and formidable intellectual talents, she could switch from libel to the complexities of a race relations claim with barely a pause for breath. That she was occasionally referred to as a specialist counsel in a variety of areas greatly amused her.

Whereas other barristers' shelves are full of law books, Juliet's were stuffed with poetry and novels. Romance, wit and gossip, Juliet was an

habituée of fashionable London cafés. She smoked, she drank, she lived in overdrive and on overdraft.

She was educated at Wycombe Abbey School, which, rebel by nature, she roundly hated. At Worcester College, Oxford, she first studied Chinese and then English, gaining a first with wide ease, and writing her paper on P G Wodehouse. Despite being diagnosed as a diabetic in her first year, Juliet threw herself into the Oxford theatre scene. She co-founded the Oxford Legal Company and was a memorable Nell in Beckett's *The End Game*.

She then applied her analytical intelligence and wit to the Bar. Her first battle was against misogyny. In pupilage, she was asked by one chambers to write an essay persuading them that they needed another woman when "they already had one". She complied and promptly left, knowing that any formal complaint would have likely extinguished her chances of a legal career. After gaining a tenancy at one of the most prestigious commercial chambers, she attempted with courage and good humour to overcome not only the disabilities of her illness but also the

challenges of long hours, demanding clients and pitiless clerks. The sheer physical challenge wore her down and she moved to a more sympathetic set in Lincoln's Inn. Juliet tried just about every new age therapy for her illness and entertained friends with wry accounts of her treatments. Her packed, lyrical funeral service was a reminder of how many lives she had touched.

Dictynna Hood

Juliet Bernard, barrister, born October 19, 1961; died February 10, 1998



Juliet Bernard... wry accounts of new age therapies

Jackdaw



Behind Boris

IF we have learned anything from the strange and epic story of Boris Nikolayevich Yeltsin these past 10 years it is that no star is a hero to his bodyguard. Or not for long, anyway. We know this because, in the new tradition of Russian politics, the bodyguard in question has written a marvellously venomous memoir that seems truthful in spirit if not in every fact. Aleksandr Kozlovskiy was working in the Ninth Directorate of the KGB when he was assigned in 1986 to guard a new Politburo member named Yeltsin who had just come to Moscow from the

Urals. Kozlovskiy had no doubt about his abilities. He is a prideful man, proud of his training and physical capabilities. He informs us that among his many skills as a guard is his ability to work an entire day without leave to visit a bathroom. Nor does Kozlovskiy betray any awe or illusions in the face of Comrade Party scribe and big shots, the "ideal men" who traipse along the red and green runner carpets of the Kremlin halls. Boris Yeltsin: *On Rassvetla do Zakata (Boris Yeltsin: From Dawn to Dusk)*, in *The New York Review of Books*.

Bible Rap

ON world music's popularity follow anything back as far as you can and you'll find bastards. Even the Bible, the alleged founding of Western civilisation, is a melange of ancient traditions, woven into Jewish and Greek forms. And today, when many of us have only the vaguest idea of what's in the Bible, there's a freshly alien thrill to hearing the Gravediggaz rap. "Words

like proverbs! Splendid, braided! So like a storm or song of King David." Though the Gravediggaz are thoroughly American, their reference to King David colours the song with an almost foreign exoticism. King David's songs might as well be in Punjabi for all we recognize of them. Rap's reach into the distant past mirrors a much larger trend. As the rhythms of the world are hipper than hip hop. Even the magazine *Salon* has cited the boom in pan global tunes as "proof that pop music, like capitalism, will only grow stronger as it continues to plunder foreign lands."

From a review of the Corner-shop album, *When I was born for the 7th time*, in *Mother Jones*.

Jackdaw wants jewels. E-mail jackdaw@guardian.co.uk; fax 0171-713 4366; write Jackdaw, The Guardian, 115 Farringdon Road, London EC1R 3ER.

Hannah Pool

CORRECTIONS AND CLARIFICATIONS

AN ARTICLE on Page 5, G2, yesterday, spoke of an article on Page 5, G2, March 16, suggested. He was actually in prison from May 11 to September 14, 1918. He was sentenced to two months in prison in 1961 but on that occasion was released after one week out of consideration for his health and advanced age.

IN AN article headed, Public funding for chief whip's libel case queried, Page 2, March 16, it was reported that Bob Wareing, MP for Liverpool West Derby, had failed to declare a shareholding in Metra Trading. In fact, he failed to declare a shareholding in Robert Wareing Ltd, a company set up by him to receive consultancy fees from Metra Trading Ltd.

IN A report headed, Fatal rail crash driver cleared, on Page 7, March 12, we described Nick Mercer as "a solicitor representing 30 passengers". Mr Mercer is not a solicitor. He might correctly have been called a spokesman for the solicitors representing 30 passengers.

BERTRAND Russell was sentenced to six months in prison towards the end of the first

A Country Diary

TAMAR VALLEY: Most of the valley's commercial daffodils are rotated in arable fields, cultivated mechanically and picked by seasonal workers. After a couple of years bulbs are lifted and ground sown with another crop. On the Rame peninsula, expansive yellow and white stripes of full-out flowers, past their peak by date, alternate with blue-green leaves of harvested arable, splashes of brilliant amaranth winter-sown cereals and pasture fields. Mildness up-country means that Cornwall loses its competitive earliness. Prices fall and daffodils remain unpicked. In St Dominic parish, less and less of the once legendary early land is cultivated for narcissi but remnants of earlier, small-scale flower growing are widespread. Around Burraton and Boetheric, hedges of redundant market-gardens are full of sprawling, faded magnificence. tall, golden-trumpeted King Alfred and gorgeous copper-cupped Gorgone, bulbs thrown out from little fields now

Letter

Paul Dennehy writes: As a cocksure philosophy undergraduate at the University of East Anglia in the mid-1970s, I frequently took positions developed over weeks of thought and research, which I was certain were thoroughly defensible. Professor Martin Hollis (obituary March 3)

would identify every fault in my argument immediately, and humbly but with absolute clarity and logic. The process was always enlightening, usually amusing and frequently dazzling. He never humiliated anyone (although I gave him numerous opportunities, and the temptation must have occasionally been almost irresistible). The mischievous gleam in his eye was the Pure Light of Reason.

Birthdays

Ron Atkinson: Football manager, 59. **Patrick Barlow:** actor, writer and director, 51. **Prof Alexander Bokserberg:** director, Royal Greenwich Observatory, 62. **James Conlan:** conductor, 48. **Lois Dyer:** pioneer of physiotherapy, 73. **Pat Eddery:** jockey, 36. **Peter Graves:** actor, 72. **Alex Higgins:** snooker player, 49. **Kevan James:** cricketer, 37. **Prof Walter Ledermann:** mathematician, 87. **Renny Lynch:** singer and actor, 35. **Paul Marsden:** Labour MP, 47. **Prof Linda Partridge:** evolutionary biologist, 48. **Wilson Pickett:** singer, 57. **Courtney Pine:** jazz saxophonist, 34. **Alan Sapper:** former general secretary, ACTU, 67. **Nicholas Snowman:** director, South Bank Centre, 56. **Stenmark:** ski champion, 42. **Prof Eric Sunderland:** principal, University College of North Wales, 68. **John Updike:** novelist, 68.

Death Notices

MATTHEWS: Morris, of Burns Lane, Dudley, West Midlands. Passed peacefully away at 11.30pm, 10th March, aged 80 years. Will be sadly missed by all her family. Funeral service at Dudley Crematorium, 11.30am, Monday 16th March. Burial service at Dudley Crematorium, 11.30am, Monday 16th March. **NEACOCK:** John, very much loved husband, father and friend. Funeral at Hampton Hill Crematorium, 11.30am, Monday 16th March. **MURPHY:** Collette Christina, on 15th March 1998. Loving and much loved wife of John, mother of Helen, Gail and Jack. An inspirational teacher and devoted mother. Burial service at St Mary's Church, 11.30am, Monday 16th March. **NEACOCK:** John, very much loved husband, father and friend. Funeral at Hampton Hill Crematorium, 11.30am, Monday 16th March. **MURPHY:** Collette Christina, on 15th March 1998. Loving and much loved wife of John, mother of Helen, Gail and Jack. An inspirational teacher and devoted mother. Burial service at St Mary's Church, 11.30am, Monday 16th March. **NEACOCK:** John, very much loved husband, father and friend. Funeral at Hampton Hill Crematorium, 11.30am, Monday 16th March. **MURPHY:** Collette Christina, on 15th March 1998. Loving and much loved wife of John, mother of Helen, Gail and Jack. An inspirational teacher and devoted mother. Burial service at St Mary's Church, 11.30am, Monday 16th March.

In Memoriam

STRENGTH: Vera, my wonderful wife who lives in memory always. All my love. **STRENGTH:** Vera, my wonderful wife who lives in memory always. All my love. **STRENGTH:** Vera, my wonderful wife who lives in memory always. All my love.

Sketch

John Hoggart

John Hoggart

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Budget

The Guardian Tuesday March 18 1998

Brown invests in business

THE Government yesterday signalled its determination to be seen as the party of business when Gordon Brown delivered a comprehensive series of tax and investment measures to boost company growth and jobs.

Mr Brown said the Government's ambition for Britain was to encourage enterprise and entrepreneurship "breaking free from old ideas of state control and crude laissez-faire."

Mr Brown made clear his commitment to a growing

small business sector as the key to tackling unemployment and to securing economic growth, with a fresh emphasis on encouraging firms to invest more in research and development and take advantage of incentives developed in UK universities.

Following the Government's proposals to set up a defence diversification agency to promote commercial exploitation of innovative products developed in military laboratories, Mr Brown announced plans for a new £50 million venture capital fund open to all universities.

"For too long the great sci-

entific advances of British universities have gone on to become the manufacturing successes of rival countries," he said.

His twin track strategy to tackle benefit dependency through welfare to work and create jobs through encouraging enterprise carried echoes of the Tories' strategy to focus business support on small and medium enterprises and high technology companies. Mr Brown said businesses would be encouraged to grow through tax, employment and investment initiatives that would boost productivity. The Chancellor unveiled a

series of measures designed to encourage firms to invest and take on more employees, including a 1p cut in corporation tax for larger firms to 30p, a 20p corporation tax rate for smaller companies and a 10p long-term rate for capital gains tax.

Measures to make it easier for self-employed business people to take on their first employee, enhanced capital allowances for investment, and greater tax relief for those risking their money as venture capital investors were also revealed.

On the business tax regime, Mr Brown said: "With a 30p

main rate of corporation tax, a 20p rate for small companies and a 10p long-term rate for capital gains tax, this Government today sends a clear signal of support for enterprise to those who invest in the UK."

The measures secured broad support from business with the 10,000 strong British Chamber of Commerce enthusiastic about "prudent and positive" plans while the CBI said it welcomed the reforms for smaller businesses and the "sensible reforms designed to improve the operation of the labour market for lower income earners."

The combination of tax changes would, for the first time since 1988, make it more financially beneficial for the owner-managers of Britain's 3.7 million smaller companies to leave their money in the business than take it out and pay income tax, analysts said.

Mr Brown said: "Jobs will come not simply from having a small number of large businesses but a large number of small and growing businesses."

The Chancellor also accepted the proposals from the tax and benefit task force chaired by Barclays chief executive Martin Taylor for a

radical reform of the National Insurance contributions system designed to encourage firms to take on more low-paid employees.

The Inland Revenue will take over control of the contributions agency, as recommended by Mr Taylor, in a move seen as heralding a merger of the tax and benefits systems. But the task force stopped short of such a dramatic move.

Mr Brown, who cut corporation tax for larger firms by 2p to 31p in his last budget, said the new 30p rate — to take effect from April next year — would be the lowest in any in-

dustrialised country. Announcing that the new rate would apply for the rest of this parliament, he said companies would pay £1.5 billion less in corporation taxes each year. "The lower and fairer tax regime that business has wanted for years is now in place."

But Mr Taylor stopped short of calling for the ultimate radical reform, integration of the income tax and National Insurance systems, after arguing that this would require a substantially higher basic rate of tax and a rise in corporation tax. CELIA WESTON and DAVID GOW

The Guardian of the People's Money



Now everyone can aspire to a new cliché

Sketch



Simon Hoggart

THE Chancellor arrived with his hair slicked back, the bits of sticky bun having been washed out since Sunday's birthday party.

Alarmingly, he didn't have his speech. Was he going to glance at the back of an envelope, announce that the economy was perfect, nothing needed changing, and sit down again? But a factotum produced the speech from somewhere.

He stood up, lurched at the Despatch Box and opened that curiously capacious mouth. "Too long!" shouted one of the

Tories, but he was mistaken. It was one of the shortest budget speeches ever.

But it revealed a host of sparkling fresh clichés. Say what you like about New Labour, they can roll out meaningless neologisms. "We must build a National Economic Purpose," he declared. (What, as well as the Dome?) "We offer new ambition for Britain. We can advance both enterprise and fairness, and advance them together. It is a budget to advance the ambition of all... the cap on aspirations has been lifted!"

Huzzah! We all lifted the caps on our aspirations, and waved them in the air.

"The Government is, above all, the guardian of the People's Money!" he said, to Tory ears. One had this vision of the People's Money kept in a glass case somewhere, with helpful attendants in uniforms, sponsored by an double-glazing company, saying: "That's your bit, mate, there, on the left. No, sorry, we don't have Geoffrey Robinson's money here."

The Government was committed to prudence and stability, said Mr Brown, several times. Debt should be at a pr-

udent and stable level. Fiscal stability was crucial. "Stability and Prudence. They are the preconditions of success in the New Economy... in the New Britain."

He announced something called the University Challenge Fund. Was this to provide teddy bears with scarves in college colours? ("Prudence Stable, resting Modern Studies, at New College.") In fact, it is meant to let universities cash in on their own scientific inventions.

New phrases kept clunking off the conveyor belt. "Pathfinder projects! Making work pay! A National Network of Mentors!" (I saw them, balding men sitting in scout buns around the country, saying "Pull your socks up, lad.") "Families are the bedrock of a fast-changing society. Family values mean families, all families." In fact, the Chancellor values families so much he actually visited one last weekend, though so far he hasn't gone so far as to have one of his own. As Mr Hague said later, at least he hadn't introduced tax relief for people who look after other people's children for the duration of a photocall.

For most of the speech the Tories sat in a glum silence. (As one of the Chancellor's associates put it, if he had delivered the first half of the budget speech — the bit about cutting corporation taxes — from the Tory benches, he would have been greeted with manic applause.)

Mr Brown triumphantly summed up with a piece of New Labour blather: "This is Prudence for a Purpose, to meet the People's Priorities!" Oh, puh-lease.

Mr Hague landed a few

blows, asking why the job of ending tax avoidance had been left to the biggest tax avoider of them all, or "The Swiss Bank Family Robinson", as he put it. And he wondered whether the new rules on child care would simply mean that it was now tax efficient for neighbours to look after each other's children, instead of their own.

But for the most part there was little for him to attack, so he assailed the last budget instead. The Tories cheered up, but only a little bit.

Budget '98

Inspiring move towards digital democracy. Gordon Brown and Dawn Primorale will deal with queries like at lunchtime. E-mail to them and Guardian specialists on budget@guardian.co.uk or 01753 4447.

Find the website at www.guardian.co.uk/budget98

Notebook



Alex Brummer

GORDON Brown is determined to use his period at the Treasury to secure a place in the Britain's financial history as a great reforming chancellor.

Together, his measures to uproot the benefit system and replace it with a series of tax incentives, and his forceful encouragement of entrepreneurship represent a radical change in direction for Britain every bit as important as the switch from income taxes to indirect taxes like VAT pioneered by Margaret Thatcher.

But in his dogged desire to make these changes and to focus economic strategy on medium to long term stability, Mr Brown has again chosen to ignore City concerns about an unbalanced economy in which growth is being fuelled by buoyant consumption rather than exports.

It is this imbalance which was immediately seized upon by the City as Mr Brown sat down in the Commons. The transformation in the public finances between the last financial year (1996/97) and the tax year ending in April 1998 is nothing short of remarkable — with the budget deficit crushed from £22.7 billion to £5 billion as a result of taxes already in the pipeline and strong output growth.

The markets are focused on the future, not the past. Thus the marginal improvement in the coming year, when the deficit is projected to be £3.9 billion does not look credible.

But then the Treasury's forecasting of the PSBR has been horrible. Nevertheless, instead of using fiscal policy to punish consumption, Mr Brown is giving the taxpayer a relatively easy ride.

The only bumpy roller of new cash in the coming year will be road fuel prices, wrapped in the green rubric, which will bring in £1.5 billion in cash terms.

What is also, no doubt, a cause of some disquiet is the cost of welfare to work. Any-

income, they will also encourage consumption.

The prospect of more spending power in the economy scared the financial community right. One of the great achievements of this government, so far, is convincing the markets that long-term interest rates are too high.

Mr Brown boasted of this change in expectations in his Commons speech pointing to the drop in longer-term interest rates from 7.5 to 6 per cent, the lowest level in 33 years.

But his budget speech had traders running in the opposite direction.

The price of government stocks fell, pushing up long-term interest rates, and the pound soared.

The strong pound has become almost as big a problem for this Labour Chancellor, as the weakness in sterling was for some of his predecessors.

Having failed to draw the teeth of consumers, the assumption is that the responsibility for reining in excessive demand will rest with the Bank of England.

It has been holding fire from raising base rates from the current level of 7.25 per cent, on a split vote. The odds

have now shifted to an increase. The only comfort to be drawn from this by exporters was the Chancellor's steady reference to a "stable and competitive" pound. This was being taken in some City circles as a direct reference to the Government's goals on European Monetary Union.

If the markets and manufacturing remain in two minds about Mr Brown's Budget, the cool Britannia creative industries, and the fast expanding business of financial services, have much to be grateful for. Shortage of a venture capital culture is among the reasons that the UK has yet to produce a Microsoft or Intel over the last decade: the Government is seeking to ensure that the tax barriers to this have been removed.

On the savings front, there has been a Damascene conversion, with the upper-income perks of tax-free saving through personal equity plans replaced with a maximum limit, and the new individual savings account becoming a lifetime opportunity. The rush of cash into PEPs between now and April 5, will be something to behold.

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10 THE BUDGET

Enterprise

The old, the new and a touch of blue

The Big Picture/This time Middle England gets off nearly scot free, writes **Larry Elliott**

IT HAD something old, something new, something borrowed and something blue. The words of the old rhyme best sum up Gordon Brown's first complete Budget.

The Chancellor had another way of putting it, of course, saying that it began "the task of modernising not just taxation but the entire tax and benefits system of our country."

"We do this to encourage enterprise; to reward work; to support families; to advance the ambitions not just of the few but of the many."

Like all cleverly constructed Budgets, there was an attempt by Mr Brown to steal his opponents' clothes while at the same time pleasing Labour's core constituency.

For old Labour, there was a bit of 1970s redistribution; for New Labour there was the emphasis placed on work rather than benefits.

The centre-piece of the strategy — the Working Families Tax Credit (WFTC) — was borrowed from Bill Clinton, while the emphasis on promoting enterprise cut the ground from under the Conservatives.

Indeed, the first chunk of Mr Brown's speech could

have been delivered by any Tory Chancellor of the past 20 years (except in those all-too-frequent periods when the economy was booming or hustling out of control).

A section on fiscal prudence was followed by a clear attempt to portray Labour as the party of enterprise.

Not only was there confirmation of a further one percentage point cut in corporation tax, but the introduction of a two-tier capital gains tax to promote long-termism and extra tax breaks for venture capital.

There were echoes of Nigel Lawson in Mr Brown's obvious relish for the sort of thoroughgoing reform of the tax and benefit system not seen since 1988.

This was really the meat of the Chancellor's package, and what he has been working on throughout his 10 months at the strategy.

The only real surprise was the decision to shelve the introduction of the 10 pence tax band, which has been held in reserve, perhaps, for nearer the election.

As expected, the WFTC will come in during the autumn of 1999 and provide £1.4 billion more for the working poor than the ben-

Tax facts

	1997/8	1998/9
Income tax allowances		
Personal allowances	£2,150	£2,150
Married couples allowance, additional personal allowances and widows' bereavement allowances	£2,150	£2,150
Blind person's allowance	£1,250	£1,250
Other allowances	£1,250	£1,250
Personal allowances		
Married couples allowance	£2,150	£2,150
Personal allowance	£2,150	£2,150
Married couple allowance	£2,150	£2,150
Income limit for age-related allowance	£25,500	£25,500
Rate of taxable income		
Lower rate (20%)	£1-£100	£1-£100
Basic rate (22%)	£101-£200	£101-£200
Higher rate (40%)	£201-£27,000	£201-£27,000
Over £27,000	Over £27,000	Over £27,000
Other allowances		
Charitable and religious exemption	£5,000	£5,000
Individuals	£5,000	£5,000
Unemployment tax threshold	£2,150	£2,150

Source: HM Revenue & Customs

The ambition is a tax system that makes work pay, encourages skills and rewards entrepreneurship
Gordon Brown

Brown wished to emulate the last Labour Chancellor, Denis Healey, who once promised to squeeze the rich till the pips squeaked. The Blairite Britain, Middle England got off pretty lightly, if not scot free.

If that was some relief to the high-rollers of the City, there was some disappointment in the markets that Mr Brown made no attempt to use the Budget to rebalance the economy away from consumption, so any respite for taxpayers may prove temporary if the Bank of England sees the need to cool domestic demand.

The Treasury argues that while the Budget does not take any extra money out of the economy in 1998-9, the fiscal stance had already been tightened by more than expected during the course of this year and that there was no real need to do any more.

Sources said that fiscal policy had been contracted by £17 billion since Labour arrived in office, the equivalent of almost two points on interest rates.

Tight curbs on Government spending this year mean that the control total will come in around £1.5 billion lower than Mr Brown was forecasting last

Entrepreneurs

Burdens removed to unleash energy

- £1bn boost for cash flow
- Help from the Inland Revenue

MEAURES to transform the prospects and productivity of businesses — particularly smaller companies — were promised as part of the "Budget for enterprise".

Gordon Brown promised to cut business taxes, reduce the cost of investing, slash the burden of red tape, promote research and innovation, and increase rewards for success.

Announcing a series of initiatives, Mr Brown said the cash flow of dividend-paying medium and small companies would be improved by about £1 billion by his plans to exempt them from paying corporation tax by instalments, combined with the abolition of advanced corporation tax.

Investment spending by owner managers should be boosted by the allocation of a first-year, 40 per cent tax allowance for capital spending on plant and machinery which would encourage small and medium-sized companies to invest and modernise.

The Government said it would keep under review the

case for continuing enhanced capital allowances.

The small companies' tax rate would also be cut to 20p and stay at that level for the rest of the Parliament, Mr Brown said. He said that 85 per cent of tax-paying companies — 350,000 firms — were affected by the small companies' rate of tax.

This latest reduction comes on top of the cut from 23p to 21p in the last Budget. In addition, medium and small companies will be exempt from instalment payments of corporation tax.

Small businesses taking on their first employees will from April next year benefit from a simplified system with a new service provided by the Inland Revenue offering one-to-one help.

This scheme to help businesses set up their payroll systems is being piloted in Leicester.

The Government promised to consult on ways to use payment in shares — or equity-based remuneration — as a reward system that could be used to encourage managers to set up and run hi-tech companies.

Other measures to encourage long-term investment include tapering capital gains tax on long-held assets and a unification of capital gains tax reinvestment relief with that available through the



Hands to the wheel... Machinery at Nottingham's John Gamble lace factory where the 1872 operation is still in sophisticated order. PHOTOGRAPH: JOHN ANDERSON

Leading edge

£50m fund to stop foreign firms milking British ideas

- Universities seek early funding
- Move to boost venture capital

THE Government, tired of seeing foreign companies making money out of British ideas, is setting up £50 million venture capital fund to help universities exploit their scientific breakthroughs.

Universities welcomed the move but hoped that the money would be available for further, more risky stages of their research and development processes.

Professor Sir Graeme Davies, principal of Glasgow University and former chairman of the higher education funding council of England, said venture capital companies tended to come forward when projects had already moved from the workbench to the prototype stage.

Universities needed funds much earlier so they could "translate embryonic exploitable ideas" into commercially exploitable products, he said.

Michael Shattock, the registrar at Warwick University, said traditional venture capital funds tended to invest only when a university had a product ready for market.

He welcomed the new fund but pointed out that the Government was only putting £20 million into it. This was being matched by £20 million from the Wellcome Trust, a leading biotechnology research charity, and Gatsby Trust, a Salisbury family charitable trust. The rest would come from other sources.

The Chancellor said: "For too long the great scientific advances of British universities have gone on to become the manufacturing successes of rival countries."

Under the scheme, to be known as the University Challenge Fund, universities will compete for up to 20 seed ven-

ture capital funds, though they will have to provide additional funds from their own resources or raise it from local businesses and charities.

Paymaster general Geoffrey Robinson said the fund would help fill the funding gap which in the past had prevented innovative research being turned into commercial ventures.

However, Dr John Mulvey, director of the Save British Science society, said the Government could not ignore the pressing need to boost Britain's science base. University research laboratories needed £200 million to bring them to internationally competitive standards.

The Chancellor said yesterday that Britain's venture capital industry was proportionally much smaller than that in America. But by merging the enterprise investment scheme (EIS) and capital gains tax reinvestment relief, and by closing loopholes, he aimed to provide "more generous, more efficient and better targeted help" to encourage venture capital in Britain.

He announced a 50 per cent rise in the amount which individuals could invest in EIS-qualifying companies, lifting the maximum investment getting income tax relief to £150,000. He also abolished the £1 million limit on the amount companies can raise under the EIS. Participation in the scheme is limited to companies with gross assets of less than £10 million before an investment and no more than £11 million after it.

The Treasury and Department of Trade and Industry yesterday published a consultation document aimed at encouraging greater research and development investment by British companies. The document showed that Britain's R&D performance over the past 20 years had declined relative to that of other major economies.

Nicholas Bamister, Chief Business Correspondent

National Insurance

Job hopes boosted at bottom end of pay scale

- Changes point to low minimum wage
- Employers of skilled penalised

THE pill of the forthcoming national minimum wage was sugared for firms yesterday with a radical reform of national insurance contributions (NICs) designed to encourage employers to hire more low-paid workers.

Business leaders seized on Gordon Brown's unexpected decision to raise the starting point at which employees pay

NICs from £64 to £81 a week as paving the way for a relatively low minimum wage of around £3.50 an hour.

The Chancellor's reforms, due to come into effect in April next year, follow almost exactly the recommendations set out by Martin Taylor, head of the Government's tax and benefit task force and chief executive of Barclays Bank, published yesterday.

Mr Brown not only pegged the starting rate or lower earnings limit (LEL) to that for income tax, reducing the so-called entry fee for employers by £1.92 a week, but also replaced the present three

sliding rates to a single rate of 12.5 per cent.

Under the present system, employers pay NICs on all earnings for employees earning above the LEL: 3 per cent on weekly pay of £64-£100, 5 per cent on £101-£155, 7 per cent on £156-£200, and 10 per cent above that level.

Mr Brown told the Commons the measures would cut the costs to business of employing 13 million lower-paid employees and take one million of the lowest paid out of employers' tax altogether. The cost of hiring someone on half of average earnings would fall by more than £250 a year,

20 million employees would pay £56 a year less in NICs.

In his report, Mr Taylor said the NIC reforms should complement a minimum wage set at a relatively low level. "We would be looking at £3.50 an hour rather than the £4 or £4.50 bandied about by some."

But hitless firms employing skilled, well-paid employees would face extra costs because of the 12.5 per cent uniform rate for employer contributions above £81 a week. "Overall, we would have preferred to see some of that extra cost taken up by the Treasury rather than on a revenue-neutral basis,"

Graham Mackenzie, director-general of the Engineering Employers Federation, said that because engineering firms employed an above average proportion of higher-paid workers they would face an extra burden.

Mr Taylor proposed similar changes for the self-employed, who this year will pay a flat-rate £6.35 a week for earnings above £59 and a further 6 per cent charge, based on their taxable profits, between £140 and £485 a week. The Chancellor said he would examine Mr Taylor's proposal to abolish the first and raise the second figures.

David Goss

A family favourite

Names: Gary Wade
Status: Self-employed, married, two children
Home: Leeds



THE RRD box package generally pleased the Wade family of Yeadon, near Leeds, whose small-scale economy depends on 44-year-old Gary's one-man joinery business, supplemented by his wife Janet's weekday stint at a local after-school club and casual jobs by teenage daughters Emma and Laura.

"The Wades' main concern is transport — the clogging of local commuter routes into Leeds and regular hiccup to bus and train services. "Putting the extra £500 million into public transport has to be a help. Let's hope it starts to iron things out," Mrs Wade said.

Mr Wade backs the Chancellor's belief in using petrol rather than car tax as a fiscal way of trying to cut jams. "It's better that people who use their cars more

should pay more, rather than hitting everyone through car tax."

The Wades' 12-year-old BMW and Nissan Vanette fail to meet the "small, clean car" test for cutting road tax, while the drinks tax increases marginally hit their modest consumption. "We'll have to switch from wine, maybe," said Mr Wade. "But I'd support putting more on cigarettes, especially if it persuaded a few kids not to smoke."

Sticking to the Conservatives' tradition of raising tax thresholds may help Mr Wade expand his business. "That was one thing the last Government did for us — raising the VAT threshold a little bit every year,"

Martin Watnough
Change: loses £44.21 per year

Doubts from Devon

Name: Laura Keely
Status: Single, employed
Home: Totnes



FOR Laura Keely who earns £12,000 a year as the company secretary of a small independent holiday specialist, motoring is a necessity. Without her car, the 10-mile round trip from her council house home in Totnes to her workplace deep in the south Devon countryside would be an impossibility.

The rise in diesel comes as a modest blow to her tight monthly budget and, while welcoming the Chancellor's promise to inject £50 million a year into rural transport, she questioned whether it would persuade people to switch from using their own vehicles.

"There are going to be a lot of people like me who are going to have to continue using their cars because they live and work in places that are out of reach of public transport.

"What needs to happen for people to be discouraged from using their cars in cities, where the mileage is small but pollution is much greater?"

"The rise in diesel is going to be a minor blow but if I am going to be better off with a cut in national insurance it may not make much of a difference."

As founder of a housing group hoping to design and build a small environmentally conscious community in the area she was encouraged by the environmentalists to the Chancellor's speech.

The extra duty on cigarettes and wine would have no impact. "I can't afford smoke or drink,"

Geoffrey Gibbs
Change: gains £7.38 per year

Fan

Child benefit

Com

breakthru

Moorest p

ensioners left

Families

The ambition is a welfare state that, instead of trapping people in poverty, provides opportunity for all
Gordon Brown

Child benefit



Parents of children at Bromley-by-Bow playgroup in east London will benefit from higher child benefit

PHOTOGRAPH: MARTIN GOWIN

Cornerstone for kids relaid

- 20pc rise in rate for elder children
- Increase in social security

CHILD BENEFIT was last night restored as the cornerstone of government support for the family, after an increase of 20 per cent in the rate for elder children.

The move, to be funded by a cut in the married couple's tax allowance, will be combined with substantial increases in social security rates for younger children in families relying on benefit. Taken together, the two measures represent an investment of £1.3 billion in state support for children.

Although the Chancellor did not unveil firm plans to tax child benefit, as some forecasts had suggested, he did make a declaration of intent.

"It must be right in principle that if child benefit is raised in future, then there is a case for higher rate taxpayers paying tax on it," Mr Brown said. Recommendations would emerge following the Government's comprehensive spending review.

"So future support for children will be built upon universal child benefit and I am convinced of the case for raising its level," Mr Brown said. Child benefit is currently paid to all families, regardless of means, at a rate of £11.05 a week for an older child and £9 for each subsequent child. The increase announced yesterday will raise the higher rate alone by £2.50 from April next year — in addition to the annual adjustment for inflation.

This will cost £850 million a year and give an extra £130 annually to all families with dependent children, except lone-parent families receiving the frozen, older-child rate of £7.10 which incorporates the old, one-parent benefit.

Mr Brown said: "There is, in my view, no case for a one-parent benefit and we will not return to that." The second measure outlined for young families will raise means-tested benefits by an extra £2.50 a week from November this year in respect of children under 11.

This rise, which will be in addition to adjustment of these benefits to reflect the child benefit increase, will cost £425 million a year. Mr Brown said it would narrow the gap of £8 a week between the means-tested allowance for a child under 11 and one over.

Child care

Breakthrough for poorest parents

- Tax credit to help families with costs

THE first initiative for nearly a decade aimed at helping working parents with the cost of child care was unveiled.

The Chancellor said that low-income families would be able to claim a tax credit which would provide a maximum of 70 per cent of their childcare costs up to a ceiling of £150 a week.

The move was seen as a breakthrough for campaigners who have fought for those parents prevented from working because they can't afford to have their children looked after.

It was in 1990 that the Government provided tax relief on work-based nursery places, although these are few and far between. National insurance also does not have to be paid on childcare vouchers provided by employers.

But the full 70 per cent tax benefit will apply only to families with one child and earning less than £14,000 a year and up to £17,000 for those with two children.

Steven Stanbury, director of the Campaign for Tax Relief and Childcare, said this was not relevant for the majority of working people and was really little more than a rebranding of the existing family credit.

But Carol Preston, a 36-year-old single mother who is starting to retrain now her son Alex is in senior school, said: "This looks like a damn good move. I do want to get back to work and childcare costs have been the biggest barrier." But she said that living in a rural area meant she faced other problems, such as transport, too.

Jan Barden, a Labour supporter in her early 40s from Dulwich in south-east London, said the Chancellor's tax perks would do nothing for her, because her family's income is above the threshold.

But the mother of two said: "This is a good Budget for women and families. The Chancellor's actions are unlikely to influence my decision to go back to work but it will help many other women." She welcomed the pledge to review tax on child benefit for the better-off.

Anne Longfield, a director of the Kids' Club Network, which represents 3,500 out-of-school clubs, said: "For the first time parents will be able to expect to find child care in their community and those who need it will get the financial support to pay for it."

Together with last autumn's announcement of £200 million for out-of-school child-care places, she said, the package represented "a bold and massively popular step".

There was support too from Shelagh Diplock, of the Fawcett Society, who said: "Increasing child benefit, which goes directly to all women with children, ensuring that the new working family tax credit can be paid directly to mothers and the provision of

cash help for child care in this Budget gives a long overdue boost to the independent income of women."

At present, fewer than 30,000 families are reckoned to get help through the benefits system with child-care costs. There are child-care places for less than 2 per cent of five to 12-year-olds.

Rosemary Murphy, chair of the National Private Day Nurseries Association, welcomed the package for "bringing real equality of opportunity" but warned there would still be people who could not afford child care.

"But the Chancellor has set the right tone and we feel sure that if people slip through the net he will address that problem too."

Pensioners left in cold

Names: George Easton
Status: Pensioner, married
Home: Stirling, Scotland



GEORGE and Anna Easton generally approved of the Chancellor's speech, but it was about 30 years too late for this elderly couple.

"If he'd made that speech in 1968 I'd have been delighted. I was a young man with kids then. But he hardly mentioned pensioners," said Mr Easton, aged 70.

"I was hoping for a decent hike in the old age pension, especially when he said he was increasing child benefit by 20 per cent — mind you, I should know better at my age."

The consolation for the Eastons is that they have four grown-up children, three of whom have young families. All will benefit from the new working family tax credits and increases in child benefit. "It's a Budget for our children and their kids. Tax relief on

child care will help our daughter, who is single and has a four-year-old daughter," 67-year-old Mrs Easton said.

Her husband agreed: "I like the fact that he is giving more money to education. You can't put enough money into education."

Both gave up cigarettes years ago and drink very little wine or beer.

There was relief at the decision to leave mortgage tax relief untouched. "Our mortgage is the biggest outlay," said Mr Easton.

The increase in petrol prices may mean fewer day trips around Scotland's beauty spots which form an important part of their retirement life.

Lawrence Donegan
Change: gains £67.70 from direct tax changes

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Just the job for young

Names: Vinod Kotecha
Status: employed, married, two children
Home: Leicester



AS a development officer for the Confederation of Indian Organisations UK, Vinod Kotecha's job involves helping young Asians find work, so he is delighted with the Government's promise of investment in the unemployed.

"It looks like it will help the young so I think it is a very positive move."

With one of their sons in full-time education until next summer, Mr Kotecha and his wife Nina are happy with the £2.50 in child benefit though in real terms it will only mean an extra £40 a year.

Mr Kotecha, who earns £22,000 from his job and about £6,000 per annum from a property business he runs with his brother and brother-in-law, is also happy with the business investment announcements.

They will be considering making the business partnership a corporation because of the corporation tax cut of 1 per cent.

"If I sell next year I will have made savings from the capital gains tax being cut to 24p in the pound. I have £26,000 on F&P and £18,000 on Tesco, so the no limit on transfers is a great move."

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Environment

'There should have been some serious levies on the gas guzzler. The fuel price escalator is not enough'
Friends of the Earth

Task force on industry's energy use

- £500m for rural public transport
- Limited curbs on company cars

PROTECTING the environment was described as a key objective of the Chancellor's strategy and yesterday he announced the surprise appointment of British Airways chairman Sir Colin Marshall to lead a task force on industrial energy use.

The Chancellor also announced a series of transport initiatives to complement his strategy.

"There has been increasing pressure, not least from businesses themselves, for measures that encourage greater energy efficiency in industry", Gordon Brown said, announcing Sir Colin's role in a task force modelled on the group led by Martin Taylor which dealt with the tax and benefits systems.

Sir Colin, who is also president of the Confederation of British Industry, will study the case for a new energy tax and other economic instruments. Environmentalists have long called for a carbon tax to cut energy use in industry and reduce emissions of damaging gases such as carbon dioxide.

Other industrial members are still to be appointed to the task force. They will work with civil servants from the Treasury and other govern-

ment departments. Sir Colin emphasised yesterday that he was not approaching the inquiry with a preconceived view. "I bring an open mind to the task of proposing how these objectives should be achieved".

The CBI welcomed the announcement but warned that industry had to remain competitive.

"Future proposals for encouraging efficiency in the use of energy by business must take account of the changes in the EU and elsewhere", it said.

The Chancellor also made a flurry of other announcements, ranging from waste to rural transport.

For the first time the environmental impact of budget measures was assessed in the Red Book, which sets out the Government's economic and tax scenario.

Mr Brown described December's Kyoto summit as "a landmark" and promised that the Government would pursue the target agreed there for an 8 per cent reduction in greenhouse gas emissions with "proper information, openness and full prior consultation".

The landfill tax is to increase from £7 to £10 per tonne, and the Chancellor pledged the waste industry by allowing an exemption for waste used in the infrastructure of waste sites.

Most other environmental measures were concerned with transport, the main source of carbon dioxide aside from energy generation.

Rural areas will receive £500 million investment in public transport, and Mr Brown announced a £50 million a year rural transport fund.

Threequarters of rural parishes and communities had no bus service, he said. "Our aim must be to extend the range of transport services throughout the country."

Company cars came in for further restrictions, although many of the threats which had been aired recently did not come to fruition. The Chancellor announced measures to increase the cost to drivers of free fuel for private use.

Car tax is to be frozen this year, pending a review of how the duty should be applied to reflect environmental damage. Mr Brown said there would be a low rate for less-polluting cars, with a rising scale for gas guzzlers.

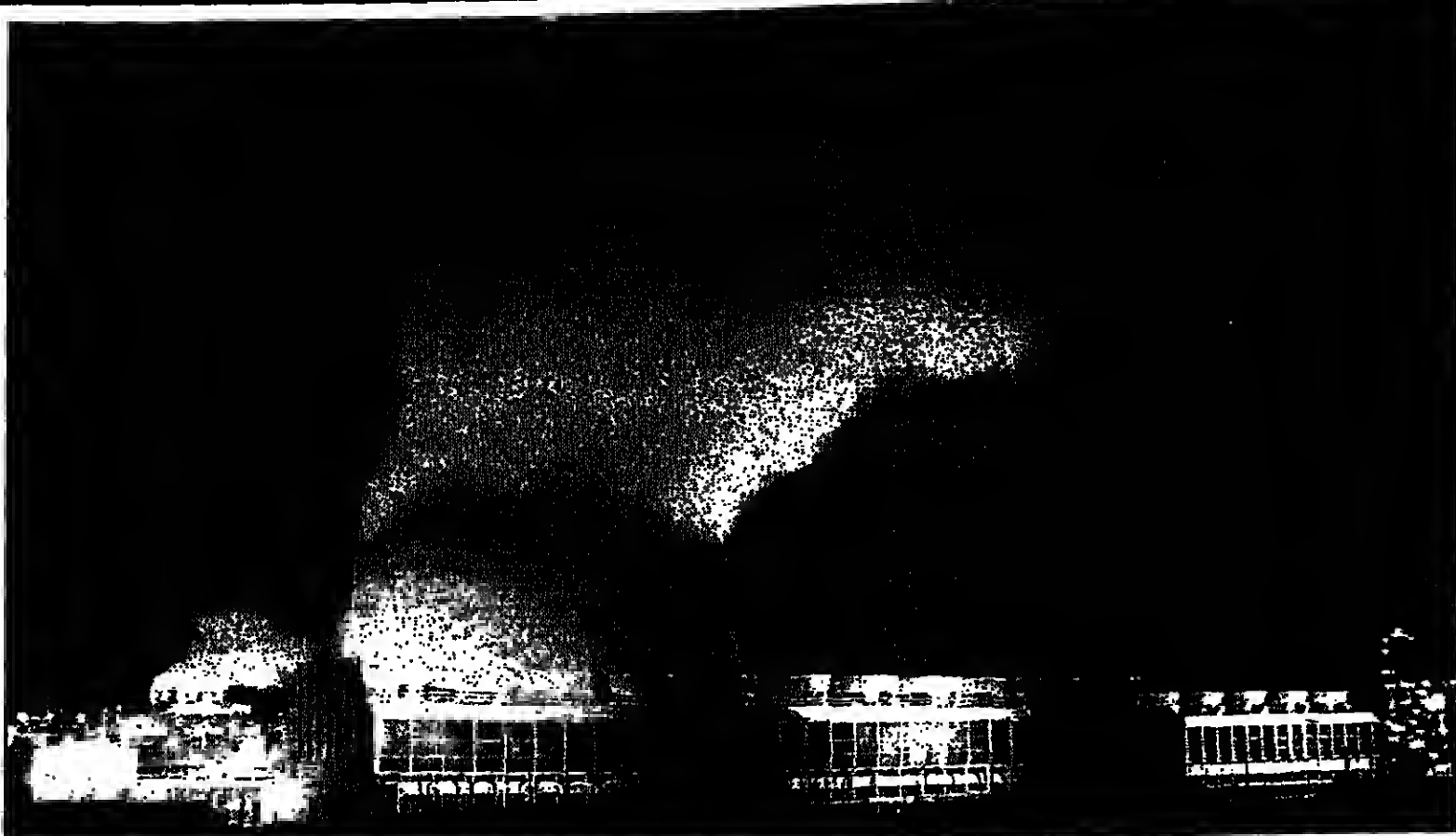
Fuel duties were increased in line with the Government's previous commitment of exceeding inflation by 6 per cent, with continuing encouragement for low sulphur diesel and a freeze on the cleaner fuel gases.

The Treasury's environmental assessment of the budget measures emphasised their minimal impact.

AA spokesman Michael Johnson said the measures were "just another environmental smokescreen" although he welcomed the cut in tax for cleaner cars.

He said the Budget would cost motorists £80 a year extra on average.

ROGER COWE



The Chancellor pinpointed protection of the environment as a key objective in his strategy

PHOTOGRAPH: ROBERT BROOK

Campaigners criticise lack of green shoots

• Car taxes and bus support cheered

THE cut in the vehicle excise licence for smaller cars and the £50 million extra support for rural bus services were the only Budget initiatives which won applause from the environmental lobby.

The increase in the landfill tax from £7 to £10 a tonne disappointed those, including the Commons environmental audit committee, that wanted it extended to include waste going to incinerators.

Most worried was Friends

of the Earth which pointed out that the Chancellor spoke about the 8 per cent cut in greenhouse gas emissions that the European Union signed up to in Kyoto but entirely omitted to mention the Government's separate commitment to a 20 per cent cut in carbon dioxide.

The biggest single boost for public transport was for rural areas where existing grants of around £1 million were increased to £500 million.

The bulk of the £500 million for urban public transport, about £300 million, is expected to go towards keeping the London Tube running over the next three years.

Barbara Young, chief executive of the Royal Society for the Protection of Birds, said the proposed reduction on excise duty for small fuel-efficient cars was a step in the right direction. But hopes for a peat levy, and pesticide and greenfield development taxes were dashed.

"It is a pity the Chancellor's spring Budget did not have greener shoots," Ms Young said.

Andrew Warren, director of the Association for the Conservation of Energy, who has been campaigning for a cut on VAT on energy efficiency goods was mortified by Chancellor's failure to help more

than his target of 40,000 households a year. Mr Brown reduced VAT to 5 per cent on materials used in the Home Energy Efficiency Scheme, allowing grants of £88 million to stretch further.

However, even at the new rate it will take 20 years to insulate the 3 million homes eligible under the scheme.

Tony Juniper, of Friends of the Earth, said: "The Government has not delivered its policy to put environment at the heart of Government. There should have been some serious levies on the gas guzzler. The fuel price escalator is not enough."

Stephen Joseph, director of the environmental group Transport 2000, said: "We are pleased with the extra spending on public transport and rural transport with increased duty rebate for buses. We believe these measures will help to give real alternatives to car use. In addition, the various changes in vehicle duties will help reduce emissions. The biggest polluters will pay most."

But he added: "We are disappointed that the Chancellor has not done more at this stage to reform a company car taxation system which promotes extra driving that adds to road deaths."

PAUL BROWN

Lose yourself
for the day.
Then return to
your beloved
children,
Thingy and
Wotsername.

Sharan



150

Taxation

Tax loopholes

All-embracing avoidance ban

£1.5 bn attack on offshore schemes
Accountants fear harm to economy

A £1.5 BILLION attack on tax loopholes, especially those exploited by the rich through offshore locations and tax treaties with other countries, has been ordered by the Chancellor as a key part of his financial plan.

He clamped down on a number of specific loopholes and referred directly to off-

shore trusts, raising jeers from Conservative MPs because of the involvement of the Treasury Minister, Geoffrey Robinson.

However, Mr Brown shocked the tax industry by pressing on with plans for a general rule that would place a blanket ban on avoidance of direct taxes.

The Chancellor warned last year that he favoured such a measure, to overcome the problem that each specific anti-avoidance rule tends to lead to tax accountants finding new ways for clients to cut their tax bills.

The Government aims to outlaw all artificial moves, al-

though tax experts have warned that this approach has led to major problems for taxpayers and tax collectors in other countries.

Philip Harrison, of the solicitors Eversheds, said last night of such a blanket ban: "For business as a whole, unless it is done very carefully, it is going to lead to great uncertainty as to when it is going to bite."

Richard Collier-Keywood, of the accountants Coopers & Lybrand, said: "Introducing a general anti-avoidance provision will damage UK companies and the UK economy if it brings more uncertainty into the tax system. The aim must

be to reduce uncertainty, not to increase it."

Mr Collier-Keywood pleaded for a system of agreeing transactions with the Inland Revenue in advance, to help companies know how much tax they would have to pay.

But the most significant measure in the Chancellor's tax crackdown will focus on people working or claiming to work abroad.

The Government expects to raise £250 million a year by ending the rule allowing UK residents to avoid tax if they are in this country for fewer than 62 days a year.

is measured at midnight, this rule allows people to live in the Channel Islands but commute to the City each day, while paying no UK tax.

Others can take an extended holiday or work on the Continent for 10 months in a year, and so avoid UK tax. This period has been used to receive large bonuses or special payments which would otherwise have been spread over several years and taxed.

People working abroad will also have to stay out of the country for five years, rather than three, to avoid tax on capital gains.

The Government has also extended the attack on avoidance by paying staff in tradeable assets. The Department of Social Security said some firms have paid staff in business and have with the aim of avoiding National Insurance costs and income tax.

The Government said these schemes have succeeded because of a narrow interpretation of the tax rules, which the Inland Revenue does not accept and which will now be put beyond doubt.

Other clampdowns were concerned with VAT dodgers and will be implemented by Customs and Excise.

combat three typical VAT frauds.

First, commercial sports clubs will be stopped from claiming VAT relief by misusing the exemption for non-profit making organisations.

Second, non-business organisations in the UK will be stopped from using VAT relief when they hire goods from companies outside the European Union.

Third, the Treasury will stop traders who gain relief from VAT when they transfer a business as a going concern from combining that VAT break with other VAT relief rules.

ROGER COWE

Capital gains

Cuts reward stake in assets

LONG-term investment will be encouraged, at the expense of short-term speculation under fundamental changes made to Capital Gains Tax — one of the most complicated taxes to calculate and collect.

The level at which CGT will be levied has been raised in line with inflation to £6,800, but, more significantly, the Chancellor slashed the rate at which long-term capital gains tax is levied.

Capital gains accumulated over 10 years will now be taxed at 30p in the pound, instead of 40p in the pound, although the short-term CGT rate will remain at 40p.

People who have built up their own businesses — or who have put their own money into them — will enjoy an even more dramatic cut in CGT, with the rate falling from 40p to 10p.

Nigel Eastaway, of the Chartered Institute of Taxation, warned that changes made in retirement relief, which is being phased out over a five-year period, could hurt small businesses.

He said: "It means the small entrepreneur who sells his business will lose out under the new rules, while a millionaire selling his, which is a little surprising from a Labour government."

Most homeowners will be breathing a sigh of relief today, as the Chancellor announced there would be no further cuts in mortgage tax rules.

There had been fears that the new 10 per cent Miras level announced last July and which comes into effect next month would be further cut or abolished completely leaving the average homeowner £200 a year poorer.

But homeowners at the top end of the market will be hit by sharp increases in stamp duty. From next week stamp duty on properties worth more than £250,000 will increase by 0.5 per cent to 5 per cent, rising to 3 per cent on properties worth £200,000 or more.

The inheritance tax threshold goes up by £8,000 from £215,000 to £223,000, in line with inflation. The estimated number of taxpayers in 1998/99 will be about 17,500 — less than three in 100 of all death estates — yielding around £1,800 million.

IAN KING and LIZ STUART

Excise duty

Hikes 'will mean more smuggling'

Public house jobs 'will be lost'
Illegal beer import costs £500m a year

ONLY spirits escaped the Chancellor's usual assault on the traditional vices of alcohol and cigarettes. A packet of 20 cigarettes will rise by 21p to an average of £3.55 from December 1. A pack of five small cigars will go up by 9p, and a 25 gram pack of pipe tobacco will cost an extra 12p. The price increases will add 0.2 per cent to inflation.

The extra tax of a penny on a pint of beer and 4p on a bottle of wine, together with 1p on a litre of cider, 1p on a 33cl bottle of alcohol, and 5p on a bottle of fortified wine, is in line with inflation and will take effect on January 1, 1999. It will add 0.04 per cent to in-

flation. The Chancellor's decision to hike the tax on cigarettes was welcomed by health groups.

But the Tobacco Manufacturers' Association said it was "astounded" by the move, which would increase tobacco smuggling and "per- versely, could lead to an increase in consumption".

It estimates that more than one million smokers are already buying black-market cigarettes, which costs the Treasury £1 billion a year in lost excise duty. A spokesman said: "This further tax increase defies common sense and guarantees another surge in illegal sales."

Although Gordon Brown said he was aware of the impact of both legal and "parallel" imports of booze and from the Continent, the results of a government review announced last summer are still not known.

A spokesman for the Brewers' and Licensed Retailers' Association said Mr Brown's decision to raise the tax on beer would also increase cross-channel beer smuggling and could cost jobs.

It is estimated that 200 vans a day, carrying 1.5 million pints of beer, are illegally

shipped in from Calais. That is the equivalent of 5 per cent of the UK beer market. The lost tax revenue is estimated at £500 million a year.

The BLRA added the price rises would cost jobs. "It is bad news for the thousands of

small businesses that make up the pubs industry. If you increase tax on beer, you decrease the likelihood of people being employed in pubs."

John McGrath, group chief executive of Diageo, the

world's biggest drinks company, formed last year with the merger of Guinness and Grand Metropolitan, welcomed the freeze on spirits duty.

JULIA FINCH and LISA DUCKINGHAM

Savings

Pressure wins reprieve for Peps and Tessas

Blueprint for new Isas is torn up

MIDDLE Britain was celebrating after the Chancellor bowed to pressure and scrapped plans to tax savings retrospectively.

The U-turn means that up to 700,000 savers with more than £50,000 invested in Peps and Tessas will continue receiving tax-free benefits.

The Chancellor has effectively torn up the original blueprint for Individual Sav-

ings Accounts (Isas) — the new scheme to replace personal equity plans and tax-exempt special savings accounts — following widespread opposition from the investment industry and rumoured pressure from Downing Street.

Experts said the move should end the uncertainty that has deterred many people from investing in Peps and Tessas. Savers are now set to pile up to £770 million into Peps before the end of the tax year on April 5, pre-

dicted insurer Royal & Sun Alliance.

Isas come into being on April 6, 1998, and are designed to encourage more people to save, particularly those on lower incomes. They can include cash, stocks and shares, life insurance and National Savings. In December the Government proposed a £50,000 ceiling on Isas, which would have meant between 300,000 and 700,000 savers with more than this accumulated in Peps and Tessas would have to pay income tax and capital gains tax on the

extra. This was greeted in many quarters as retrospective taxation and a raid on prudent middle class savers.

Yesterday's announcement means that all Peps and Tessas capital will remain tax-free. Existing Peps savers will retain their tax relief and not count towards the Isas's £5,000 annual investment limit.

The investment industry was delighted at the decision to scrap the proposed £50,000 lifetime limit for Isa investment, which was regarded as a recipe for administrative chaos. But the Government

has left itself a get-out clause by saying that Isas "will run initially for 10 years but will be reviewed after seven years to decide on any changes".

Of the £5,000 that can be invested in Isas, no more than £1,000 may be in cash and £1,000 in life insurance. However, in the scheme's first year the annual limit will be £7,000, with up to £3,000 in cash able to be invested.

It was originally planned that people would only be able to use one Isa manager a year, but now people will be able to use several, and shop

around for the best deals from separate deposit, insurance and equity providers.

The Association of British Insurers said the revised plans would mean greater flexibility and less red tape. "Full protection for existing Tessas and Peps, and the commitment to stay with the Isas for at least 10 years, sends a very important message: that people can save with greater confidence in the long-term tax treatment of their savings," said ABI director general Mark Boleat.

RUPERT JONES

How the sums add up for you

Single employed person

Annual income	Gain/loss from direct tax change	Loss from indirect tax change - VAT, £	Monthly gain/loss, £ 1998-99	% change
3,500	0.55	-0.17		-0.21
5,000	3.05	-1.80		0.35
10,000	3.93	-2.90		0.12
15,000	3.93	-3.96		0.00
20,000	3.93	-4.55		-0.40
25,000	-1.81	-5.62		-0.38
30,000	-3.35	-6.79		-0.41
40,000	12.94	-8.73		0.13
50,000	12.94	-10.58		0.05

Married, self-employed, 2 children

Annual income	Gain/loss from direct tax change	Loss from indirect tax change - VAT, £	Monthly gain/loss, £ 1998-99	% change
3,500	-0.87	-1.17		-0.7
5,000	-0.87	-1.72		-0.62
10,000	4.88	-3.17		0.21
15,000	4.88	-4.59		0.02
20,000	4.88	-5.76		-0.05
25,000	0.78	-7.09		-0.13
30,000	-0.32	-8.89		-0.25
40,000	15.97	-7.85		0.25
50,000	15.97	-9.23		0.16

Married employed person

Annual income	Gain/loss from direct tax change	Loss from indirect tax change - VAT, £	Monthly gain/loss, £ 1998-99	% change
3,500	0.55	-1.52		-0.33
5,000	0.55	-2.13		-0.38
10,000	4.80	-3.79		0.12
15,000	4.80	-4.43		0.03
20,000	4.80	-5.91		-0.07
25,000	-0.94	-8.10		-0.34
30,000	-2.48	-7.35		-0.39
40,000	13.81	-7.12		0.20
50,000	13.81	-8.82		0.12

What people really want to know is how the Budget affects their own pocket. The Treasury ignores the impact of indirect taxes. The Guardian has rectified this with an analysis conducted in conjunction with Coopers & Lybrand by showing changes in income on consumption as well as on income. The net monthly gain or loss shows how much better off each group is as a result of the Budget. The Guardian study uses the latest Family Expenditure Survey to estimate the amount spent by each income group on goods and services. Figures reflect before effect.

Source: Coopers & Lybrand

Commitment.

The Observer

Starting this Sunday in The Observer, we exclusive collaboration of Nick Harvey's brilliant new book 'About a Day'. Some may not be ready for it.

SportsGuardian

Irish rampant on first day of Cheltenham Festival



'A hum attends McManus's every move. He is seen as racing's Robin Hood, mugging the bookies on behalf of punters everywhere, a rare winner in a realm of burnt fingers and regrets'



Rub of the green... Charlie Swan salutes the crowd from atop Istabraq, whose win earned his owner J P McManus, top left, around £600,000 TOM JENKINS

Bookies take a battering

BOOKMAKERS were a breed to be pitied there would have been some form of UN relief for them at Cheltenham yesterday after the legendary Irish punter J P McManus took an estimated £500,000 out of the ring with the victory of his Istabraq in the £225,000 Champion Hurdle.

Irish horses won two of the first three races on St Pat-

rick's Day as the English landed gentry pondered another bad day for the shires. Much more of this and they will be on the march to London again pleading for protection from Irish marauders. McManus is acquiring the aura of some invincible bookie-basher in a Damon Runyon tale and yesterday strode off with the £103,000 first prize and a sack full of

betting money with the acclaim of his fellow countrymen vibrating in his ears. Istabraq's triumph under Charlie Swan was by a record 12 lengths and, when he returned, his followers burst into the winner's enclosure like champagne from a shaken bottle. The real measure of Cheltenham victories is the decibel count from the reception in the heaving winner's enclosure. A hum attends McManus's every move.

He is seen as racing's Robin Hood mugging the bookies on behalf of punters everywhere, a rare winner in a booze-splashed realm of burnt fingers and regrets.

On Ireland's most spiritually resonant day Istabraq provided an engulging dramatic flourish. It was one of the most emphatic victories in the 71-year history of the race. It brought further confirmation that the 32-year-old Aidan O'Brien is one of the most extravagantly gifted trainers to have emerged from a country that views the preparation of racehorses as a mystic art. O'Brien was also responsible for the runner-up Theatreworld, a 20-1 shot who won the secondary race behind Istabraq, the 3-1 favourite, by beating the Sussex-trained Im Supposin.

Sustained and merciless combat between bookmakers and punters is the primary sub-plot of Cheltenham's tweedy horsiness. Where McManus treads in the betting ring others follow in the hope of profiting from reflected glory. For him five-figure bets are routine. But he gives money back, too. He keeps a large string of horses and is a noted philanthropist. Last year he paid £35,000 for Peter O'Sullivan's last Grand National colour chart at an auction for a racing charity.

The Irish had already won the opening Citron Supreme Novice Hurdle with French Ballerina and failed by a



Paul Hayward sees Istabraq storm up the Cheltenham hill for JP McManus to a record win and a fervent reception from his supporters

short head to win the Arkle Chase with Hill Society when Istabraq stripped for action, his flanks clanking with perspiration. That was about the only moment of anxiety his admirers had to endure as the bookies took over the job of sweating. Jonjo O'Neill, who accompanied another Irish equine icon, Dawn Run, says that climbing the Cheltenham hill is as tough as trying to get into heaven. As Istabraq swept down the hill on the bridge the gates were flung obligingly open.

Istabraq's connections are a formidable expert team. Swan has been champion jump jockey in Ireland seven consecutive times and O'Brien has headed the trainers' table four years running. He has a putting fleet of flat racers ready to contest this year's Classics. As

conscious as ever, he delayed his departure yesterday from the Ballydoyle stables made famous by Vincent O'Brien (no relation) until the last possible moment.

O'Brien watched his horses work before flying to Cheltenham on an 11am flight. "He's going back to Ballydoyle tonight, coming back tomorrow, then going back and returning on Thursday so he can be with his young horses," said McManus. "I don't think I need to add anything about his commitment and dedication."

Part of McManus's winnings will be donated to the John Durkan Leukaemia Trust Fund, set up with the help of Mike Dillon of Leakyokes.

Istabraq was spotted and bought by Durkan, who died aged 51 after a gruelling 15-month battle against the disease. The aim is to raise £1 million to establish an Institute of Molecular Medicine. It is a measure of Durkan's popularity that, when he died, his parents asked that no flowers be sent and found themselves the recipients of £25,000-worth of bouquet money instead.

In racing ghosts always seem to pursue the glories. Durkan missed seeing the horse he discovered become champion by two months. Unseen, yesterday, the connections of Shadow Leader were also grieving their horse's death from a fall.

Istabraq has been regarded as a likely Champion Hurdle winner since he won the Sun Alliance Hurdle here last year. Some leapt in immediately, taking 14-1 ante-post and then backing him all the way down to 3-1 favourite. "Since this meeting last season they've backed him as if defeat was out of the question," said Rob Harnett of the Tote. Bookmakers had just about picked themselves up and dusted themselves down when the Martin Pipe-trained Unsinkable Boxer landed a huge gamble in the last.

A man walked into a London betting shop this month and placed £35,000 on Istabraq to win the Champion Hurdle at 7-2. There are those who swear it was McManus, though the man himself will say only: "I had enough on to pay for the party tonight."

The effects of those celebrations were evident long before nightfall. For 44,356 spectators a new chapter was added to Cheltenham folklore and an undisputed champion found and crowned. But no cups were raised to bookmakers' lips.

Report, page 14

Uefa Cup quarter-final, second leg

Aston Villa 2 Atletico Madrid 1 (agg 2-2; Atletico win on away goal)

Collymore's inspiration too late to save Villa

Michael Walker

ON A night of slow-burning but eventually thrilling drama, Aston Villa took an age to breathe fire into a tie they had at one stage seemed like exiting meekly.

But once Ian Taylor had equalised Jose Luis Caminero's 28th-minute goal, 18 minutes from time Stan Collymore added a brilliant, blistering second and only the fingertips of Jose Molina, 16 minutes remaining, which meant there was no historic first semi-final place for Villa.

Atletico Madrid go through instead, courtesy of their away goal, but John Gregory's side deserve enormous credit for their revival against a Spanish team whose quality should not be underestimated.

It was as important to Villa that they prevented Atletico scoring as doing so themselves. Theoretically this was not a straightforward task. Had Mark Bosnich not been so inspired in the first leg, Atletico could have been four up by half-time and they arrived here unbeaten away in Europe in two years.

Furthermore Christian Vieri, the scorer in Madrid, was promising to add to his 22 goals in 20 games this season after only 14 minutes. Kiko's slick pass put the Italian striker in on Mark Bosnich and Only Alan Wright's outstretched leg denied Vieri a direct strike on goal. From the corner Mark Draper almost headed into his own net.

It made for an anxious beginning and Villa needed some time to settle. With Collymore only a substitute, Villa looked to the pace of his replacement a fortnight ago, Julian Joachim, to create the panic from which Savo Milosevic and Dwight Yorke might prosper.

Yet it took 20 minutes before Villa managed a shot, a wild one from Ugo Ehiogu, and it was not until their next push forward that Joachim set the better of Deil Gell.

Joachim's cross from the right was easily claimed by Molina, though, an action that symbolised Atletico's solidity at the back. They were fairly assured in the middle

and up front too, and not long after Molina's take came Caminero's opener.

Kiko was the creator, spinning away from a midfield melee in the centre-circle and then sending the ball over Vieri's back line to where Carlos Aguilera's mere presence was discomfiting Ehiogu.

The threat compelled Bosnich to leave his line but the goalkeeper could only paw the ball away with his right hand and it fell nicely to Caminero. From a yard inside the Villa area the 30-year-old Spanish international drilled the ball through Gareth Southgate's lunge and into the bottom corner.

Villa now required three goals. As it was not until the half-hour approached that they produced a first worthwhile effort on target, Mark Draper's drive being held at the second attempt by Molina, this felt like an impossible feat.

Villa created little more before the interval, although immediately after it Milosevic and Joachim had useful chances. Then, seconds after the well-received 53rd-minute introduction of Collymore for Milosevic, Yorke swung Molina's palms with a snap half-volley.

It initiated a minor flourish of Villa pressure: Yorke struck the bar with an athletic header from Wright's centre and then Aguilera nearly scored a bizarre own goal from fully 20 yards.

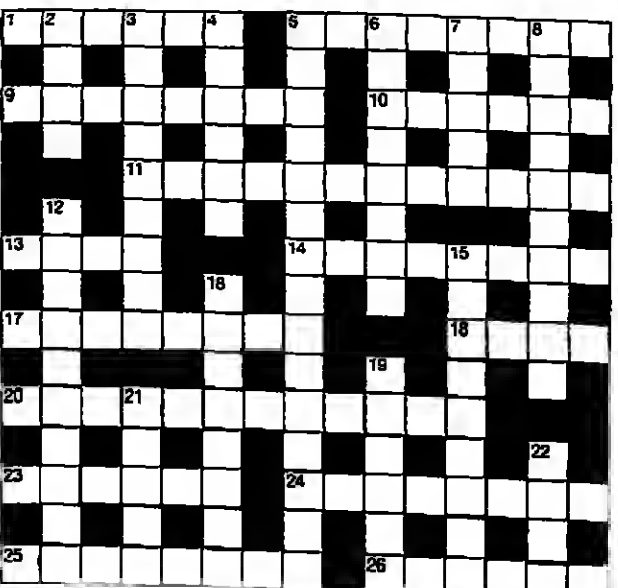
However, as that brief momentum subsided Atletico remained dangerous on the break. Aguilera should have done better from a surge down the right, and Vieri and the substitute Jordi Lardin both went close with low efforts from the left.

With the game subdued there was no indication of the excitement to come. First Taylor, after a neat lay-off by Yorke and a deflection off Daniel Prodan, brought the scores level on the night and two minutes later Collymore delivered a shot from 18 yards that 10 goalkeepers, never mind one, would not have saved.

Aston Villa (3-5-2): Bosnich; Ehiogu, Southgate, Staumon; Joachim, Taylor, Milosevic (Collymore, 53), Yorke. Atletico Madrid (2-3-4-3): Molina; Andrad (Prodan, 45), Vieri, Vicario, Gell; Aguilera (Frost, 51), Parde, Lardin, Stojil, Caminero; Kiko, Vieri. Referee: M van der Ende (Netherlands).

Guardian Crossword No 21,225

Set by Chifione



Across

- 1 Quick and easy victory in gymnastics (6)
- 5 Serious in purpose and deeply impressed (8)
- 9 Weep about the class being superficial (4-4)
- 10 A placid loelander may be somewhat sharp (6)
- 11 Goat put an end to the confectionery (12)
- 13 Celestial body seen in the river, reflected (4)
- 14 It's a help for dressing to be trimmed around scratch (8)
- 17 Escape with silver alloy that's ultramodern (5-3)
- 18 Apprentice dined in the small hours (4)
- 20 Join the revolt with no trace of uncertainty? That's bold! (12)

Down

- 2 Liberte's comb (4)
- 3 Unfortunately, con man catches TB on lake in the Alps (4,5)
- 4 Agreement for attempt to capture swallow (6)
- 5 Articulate speech getting rapid distribution (7,8)
- 6 Informant's to fight for container of clippings (5,3)
- 7 A way to leave a friend in Spain (5)
- 8 Draw Erica dancing with Steve (10)



CROSSWORD SOLUTION 21,224

- 12 Abusive husband's about to draw back from wrangler (10)
- 15 It's an ambition for royal to get mostly light work (4,5)
- 16 Inflammatory article stated in ascendant newspaper (3,5)
- 19 Dupe a couple of boys (6)
- 21 Sully supports English outfit (5)
- 22 Raise weapons on seeing animal (4)

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ABFPRST

NEWS



NEWS

"I get agonised letters from parents whose sons are still at home in their forties," says Saga magazine's agony aunt. "One couple tried everything. In the end, the only answer was to move into a smaller house."
Turfing out your offspring

Parents, G2 page 10

CH 11.15.50